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H.R. 4719, THE FEDERAL SERVICE PRIORITY
PLACEMENT PROGRAM ACT OF 1994

Y 4.P 84/10:103-56

H.R. 4719, The Federal Service Prio...

HEARING
BEFORE THE
SUBCOMMITTEE ON THE CIVIL SERVICE
OF THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS

SECOND SESSION

SEPTEMBER 21, 1994

Serial No. 103-36

Printed for the use of the Committee on Post Office and Civil Service



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H.R. 4719, THE FEDERAL SERVICE PRIORITY PLACEMENT PROGRAM ACT OF 1994

WEDNESDAY, SEPTEMBER 21, 1994

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE CIVIL SERVICE,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:12 a.m., in room 311, Cannon House Office Building, Hon. Frank McCloskey (chairman of the subcommittee) presiding.

Members present: Representatives McCloskey and Morella.

Members also present: Representatives Norton and Gilman.

Mr. MCCLOSKEY. Good morning. The subcommittee will come to order. I am Frank McCloskey.

Today's hearing will focus on H.R. 4719, the Federal Service Priority Placement Program Act of 1994. This legislation was introduced by my distinguished colleague, Eleanor Holmes Norton, chair of the Subcommittee on Compensation and Employee Benefits. Ms. Norton's bill would require the Office of Personnel Management to set up a mandatory Interagency Placement Program for Federal employees affected by reductions in force.

As we all know, there are at least two statutes, the Federal Workforce Restructuring Act and the Omnibus Crime Prevention and Control Act, which require the reduction of more than 272,000 civil servants over the next 5 years. Although Congress has tried to assist the executive branch in ameliorating this decrease in the work force by providing buyout authority, it is inevitable that some RIF's will occur.

According to staff discussions with GAO, GAO has found at least six agencies that have indicated that RIF's will occur in fiscal year 1995. Currently, OPM has an Interagency Placement Program in place which was streamlined and automated last December. However, the program is discretionary and not mandatory.

Under the OPM Program, agencies must look at the IPP register when filling positions through a competitive register, a direct hire authority, or the outstanding scholar provision. Hiring officials must either hire someone from the IPP list, file an objection with OPM, or leave the vacancy unfilled.

According to OPM, from December 1, 1993, to December 16, 1994, only 50 placements have occurred under the improved automated IPP. I realize that during this time frame, Federal hiring has been substantially reduced. However, 50 placements in 9 months appears to be very moderate indeed.

While I support Ms. Norton's goal of employing qualified displaced employees, I do have a few concerns about the legislation as currently drafted. Primarily, I am concerned about how this legislation would impact programs that have been enacted by Congress to provide assistance to the hiring of minorities, disabled and veterans by the Federal Government. I am also concerned about how this proposal would impact on merit promotions within agencies.

GAO raises some interesting questions that I hope we will be able to discuss today as we look toward providing additional assistance to Federal employees who are displaced due to downsizing and restructuring. I, again, commend Ms. Norton for her constant and tireless efforts in this area and recognize the distinguished gentlelady from Washington.

Ms. NORTON. Thank you very much, Mr. Chairman. I want to express my most sincere thanks to you, Chairman McCloskey, for responding favorably to my request to hold a hearing on H.R. 4719, the Federal Service Priority Placement Program Act, and for your skillful work in organizing this hearing.

This bill directs the Office of Personnel Management to establish a Governmentwide Interagency Placement Program for Federal employees affected by reductions in force. I believe that the immediate enactment of this legislation is essential to respond to the needs of employees who, through no fault of their own, and regardless of their record of service, will be affected by the massive downsizing of the work force ordered by the Federal Work Force Restructuring Act of 1994.

Recall that no plan or rationale that matched the number of employees to be eliminated with the administration's National Performance Review efficiency objectives was ever offered. Indeed, the number kept changing from initially 200,000 to the present 272,900 employees, giving the downsizing the appearance of deficit reduction without efficiency goals.

RIF's may well be inevitable in the future, notwithstanding the widespread use of buyouts by Federal agencies. Tomorrow, my Subcommittee on Compensation and Employee Benefits will hold an oversight hearing on the buyout legislation. These hearings put us in a position to do what is necessary to assist both agencies and employees toward a more successful transition in coping with the first governmentwide buyout program.

The purpose of the legislation before us today is to ensure that the Federal Government select its own displaced employees over outside hires when filling vacant positions. RIF'd employees are a valuable resource of dedicated civil servants in whom the Government has invested knowledge and training. It is in the Government's best interest to take advantage of the continued positive contribution these employees can make, rather than to discard the Government's investment and start investing all over again with new hires.

We will not achieve a Government that works better and costs less if the talents and energies the Government has helped to produce are not rechanneled where they are needed in the Government. H.R. 4719 would facilitate the placement of RIF'd employees at other agencies by requiring those agencies with vacant positions

within RIF'd employees' commuting areas offer jobs to such well-qualified employees.

Recent congressional action on S. 2182, the Defense Reauthorization Act for fiscal year 1995, shows that there is significant interest in establishing an Interagency Placement Program to assist RIF'd employees. However, section 1066 of that bill does not require all that is needed under the circumstances of the substantial downsizing now under way. It merely directs OPM, in consultation with Department of Defense, to conduct a 6-month study to determine the feasibility of establishing an Interagency Placement Program for RIF'd employees.

If, during the course of the study, OPM finds that it is feasible, the amendment provides that OPM may establish such a program or one like it, but no Federal agency is required to participate. This is a weak mandate that fails to ensure that meaningful action will be taken and leaves employees and the agencies who might well need them without the complete remedy and system they deserve.

On May 6, 1992, Mr. Bernard L. Ungar, former Director of Human Resource Management Issues at the GAO, testified at a joint hearing of the Subcommittee on Compensation Employees Benefits and the Subcommittee on Human Resources concerning a GAO report entitled, "Federal Employment: Displaced Workers Can Be Helped By Expanding Existing Programs." Mr. Ungar says that, and I am quoting, "Federal job placement programs, particularly OPM's, are not placing a high proportion of registrants in jobs." He went on to point out that "agencies considering registrants from OPM's programs can cancel their vacancies or fill them through other competitive or noncompetitive means."

He recommended that OPM expand its job listing to include all Federal job openings for which displaced workers could qualify. Mr. Ungar stated, however, that OPM officials told GAO that "Agencies may object to an expanded job vacancy listing in part because of their concerns that the information reporting requirement would be a precursor to establishing a mandatory Governmentwide placement program."

We are aware, of course, that last fall OPM launched its new Interagency Placement Program and that this initiative combines the old displaced employee program and the Interagency Placement Program. However, I believe that the new IPP is sure to be as ineffective as the two programs it replaced because OPM only refers registrants for vacancies to be filled by competitive employment appointment.

Most important, agencies need only consider and are not required to hire qualified OPM referrals. Agencies can avoid hiring the RIF'd employee by simply filing an objection with OPM. In the context of the most extraordinary downsizing, the most extensive downsizing in the Federal Government's history, this hardly seems fair to qualified employees RIF'd to satisfy an undocumented quota having nothing to do with their own qualifications or record of service.

GAO's 1992 study makes clear that a clear and direct statutory mandate that gives agency-RIF'd employees a mandatory hiring preference over outside job applicants is warranted. Otherwise, it is not at all clear that agencies will voluntarily give up their pre-

rogative under the existing OPM placement program to reject displaced workers and hire whoever they want to fill vacant positions.

As usual, OPM would prefer that a study be done to determine the feasibility of implementing a mandatory Interagency Placement Program. However, the success of the DOD, an agency that employs almost half of the civilian work force, in requiring the placement of RIF'd employees over new hires, amounts to a study that has already demonstrated the feasibility of the approach advocated in our bill.

Last month, I wrote OPM Director King and asked him to respond in writing as to why he was not prepared to take action now. His response indicated that the program I proposed, "would have significant impact on agency hiring flexibility, special employment and diversity programs, and labor management partnerships." The burden is on OPM to show that the flexibility and other values cited outweigh the permanent displacement of perfectly competent employees.

Today's hearing provides the opportunity for a careful review of H.R. 4719 and of the effectiveness of OPM's current placement program. I look forward to the testimony of all the witnesses and appreciate the support that has been expressed for the bill. Thank you very much, Mr. Chairman.

Mr. MCCLOSKEY. Thank you very much, Ms. Norton. For my edification, since I am not quite as expert in this area as you, could you tell me where the preference lies? Is it really in relation to outside hires?

Ms. NORTON. Yes. It is RIF'd—

Mr. MCCLOSKEY. To place—presently in-house personnel?

Ms. NORTON. Yes. It is RIF'd employees versus entirely new hires.

Mr. MCCLOSKEY. And even that would be a preference, rather than an absolute, that they would have to document as far as qualifications and so forth?

Ms. NORTON. That is right. That is certainly the case.

Mr. MCCLOSKEY. That is very good, Eleanor. Thank you.

Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman. I merely wish to commend the gentlelady for her well thought out bill. I think we are all interested in making certain that our RIF'd employees are going to find proper placement with their experience and knowhow to make certain that we take advantage of their background. However, it does require some further review to make certain we are doing it in an effective manner, and that is why this hearing is so important.

I thank you, Mr. Chairman, for conducting the hearing. We look forward to hearing some of the comments from the agencies. Thank you.

Mr. MCCLOSKEY. Thank you very much, Mr. Gilman.

Now, we will start the first of four panels, and comprising an entire panel will be Mr. Timothy Bowling, associate director of Federal Human Resource Management Issues, General Accounting Office.

Good morning, Mr. Bowling. I might say welcome. You may want to introduce your associates there and I will say I appreciate your

testimony and we commend you and the GAO. I think you do outstanding work.

**STATEMENT OF TIMOTHY P. BOWLING, ASSOCIATE DIRECTOR,
FEDERAL HUMAN RESOURCE MANAGEMENT ISSUES, GENERAL
ACCOUNTING OFFICE**

Mr. BOWLING. Thank you very much, Mr. Chairman. I would be happy to introduce my colleagues, Mr. Robert Goldenkoff on my left, and Mr. Tom Kingham on my right, who have helped put this statement together.

I am pleased to be here today to provide GAO's observations on H.R. 4719, the Federal Service Priority Placement Act of 1994.

This bill directs the Office of Personnel Management to establish a Governmentwide Interagency Placement Program for Federal employees affected by reductions in force. Its goal is to ensure that Federal agencies give priority to displaced employees when filling vacant positions.

In effect, it would expand OPM's current Interagency Placement Program, which requires agencies to give priority to displaced workers when filling vacancies, but does not cover appointments outside of the competitive service or conversions to the competitive service.

We strongly support the bill's goal of reemploying qualified displaced workers. Not only does this help individual employees who have just lost their jobs through downsizing, it makes good sense for the Government as a whole. Displaced Federal employees can be a valuable resource for Federal agencies.

Their knowledge of the workings of Government, combined with the Government's past investment in them in terms of training, job experience and security clearances, can enable them to make immediate contributions to any agency with vacancies to fill. Finding jobs for displaced employees can also save the Government money by minimizing severance payments and unemployment compensation outlays.

While the potential benefits of an expanded priority placement program are very clear to us, the shape of the program is not. We understand OPM believes it should first study how to best place RIF'd employees. If this course is adopted, we believe the OPM study should focus on resolving certain fundamental questions to ensure that the resulting program is as effective as possible.

Under OPM's current program, agencies must consult the IPP inventory when filling positions through a competitive register held either by OPM or an agency with delegated examining authority, a direct hire authority, or the outstanding scholar provision. Appointing officers may not pass over an IPP-eligible employee to select a non-IPP eligible unless an objection to the IPP eligible is sustained by OPM or by an agency with delegated hiring authority.

The inventory of IPP registrants is maintained at OPM's staffing center in Macon, GA. According to OPM, to access the inventory, agencies use an automated system that attempts to match qualified candidates on the IPP with agencies' hiring needs. If there are any matches, OPM sends a list of those candidates to the agencies. Agencies are required to either hire someone from that list, file an objection with OPM, or leave the vacancy unfilled.

According to OPM, the current IPP offers several improvements over previous placement programs. For example, agencies can obtain referrals through one-stop shopping from the Macon register and data on candidates are routinely updated. However, despite these improvements, the IPP has led to few placements.

According to OPM, between the IPP's inception and September 19, 1994, from an inventory of 2,018 registrants, agencies made 204 job offers resulting in 154 declinations and 50 placements, and these numbers have just been updated.

OPM attributes the low number of selections to the fact that agency downsizing has substantially reduced the number of vacancies and that agencies have alternatives to hiring an IPP registrant, such as internal merit promotions, reinstatements or the use of certain expected appointments.

The latter category includes programs such as the stay in school authority and the veterans readjustment authority. By expanding the types of appointments covered by the placement program, H.R. 4719 would prevent agencies from using these authorities to bypass the IPP in filling vacancies.

To create an expanded priority placement program that functions as effectively as possible, several questions need to be answered. These questions relate to the extent to which the program should be expanded, the amount of flexibility that should be accorded agencies in selecting candidates, and the possibility of additional approaches to enhancing the placement program.

In creating an expanded placement program, a decision will be needed on the specific types of appointments beyond the competitive service that the program should cover. A key factor in making this determination is the likely impact such increased coverage might have on agencies' other hiring goals. For example, OPM believes that an expanded priority placement program could impair the ability of agencies to use appointing authorities that facilitate the hiring of disabled Americans and military veterans.

Currently, candidates from these groups may be hired via non-competitive appointments without checking the IPP inventory. The effect of eliminating this option must be carefully weighed in light of past congressional interest in providing members of these groups enhanced opportunities for Federal employment.

Use of the stay-in-school authority, a program that allows students with financial needs to work for the Government while continuing their education, might also be limited if agencies were required to hire through the IPP Program.

An expanded mandatory placement program might also limit the ability of agencies to hire talented, entry-level candidates through the Cooperative Education Program. A related question is whether the placement program should give displaced employees priority over candidates for internal merit promotion.

OPM has suggested that this could have the effect of blocking employees who otherwise would have been promoted, which could affect labor management agreements. Resolution of these issues would help ensure that the expanded placement program covers a wide range of appointments while minimizing any unintended consequences.

OPM should consider the degree of flexibility the agencies have in selecting candidates. This is important since our earlier work on veterans' preference suggests that a mandatory placement system that limits agencies' discretion in choosing candidates could have, in some cases, unanticipated results.

In our March 1992 report that examined whether Federal veterans' preference requirements needed updating, we found that hiring certificates headed by veterans were more often returned unused without making a selection than hiring certificates headed by nonveterans. Indeed, 71 percent of the hiring certificates we examined that were headed by veterans were returned unused, compared to 51 percent of those certificates headed by nonveterans.

One possible explanation for this is that if a certificate is headed by a veteran and contains nonveterans in the next two positions, a hiring official generally has no choice but to select the veteran and return the certificate unused. The rate of unused certificates suggests that many officials would rather leave the vacancy temporarily unfilled rather than lose their discretion to hire another candidate. Whether an expanded mandatory placement program could have similar results is unclear, but worthy of exploration.

Additional approaches to increasing the effectiveness of the placement program may exist. Such alternatives could include, for example, effectively marketing candidates in the interagency placement inventory. If the placement program were effectively promoted as a source of talented, experienced candidates that agencies could hire quickly and easily, agencies might prove more eager to use the program voluntarily over other sources of candidates.

Another approach is to encourage agency programs for providing transition services to RIF'd employees. According to OPM, one such program that operates very well is the Career Transition Center at the Naval Sea Systems Command in Crystal City, VA. A representative of that organization told us that it has a number of resources displaced employees can use to help them find jobs in government and the non-Federal sector. These resources include books on job search techniques, job availability listings, and software that enables users to prepare resumes, complete job application forms, or identify their skills and career interests. Patrons can also meet with career counselors at the center. This type of career transition unit could be useful to displaced employees regardless of the shape the final IPP takes.

In summary, we fully support H.R. 4719's goal of placing RIF'd employees in other Federal jobs. These employees are an important resource whose prior Federal experience and training could help them make immediate contributions to any agency. However, we also believe that some uncertainties remain concerning the best design for the Expanded Placement Program. We believe that answering the questions discussed above will help in developing a program that best serves the needs of displaced workers and the Government as a whole.

This concludes my prepared statement. I would be pleased to answer any questions that you may have.

[The prepared statement of Mr. Bowling follows:]

PREPARED STATEMENT OF TIMOTHY P. BOWLING, ASSOCIATE DIRECTOR, FEDERAL HUMAN RESOURCE MANAGEMENT ISSUES, GENERAL ACCOUNTING OFFICE

I am pleased to be here today to provide GAO's observations on H.R. 4719, the "Federal Service Priority Placement Act of 1994."

This bill directs the Office of Personnel Management (OPM) to establish a governmentwide interagency placement program for federal employees affected by reductions in force (RIFs). Its goal is to ensure that federal agencies give priority to displaced employees when filling vacant positions. In effect, it would expand OPM's current Interagency Placement Program (IPP), which requires agencies to give priority to displaced workers when filling vacancies but does not cover appointments outside of the competitive service or conversions to the competitive service.

We strongly support the bill's goal of reemploying qualified displaced workers. Not only does this help individual employees who have lost their jobs through downsizing, it makes good sense for the government as a whole. Displaced federal employees can be a valuable resource for federal agencies. Their knowledge of the workings of government, combined with the government's past investment in them in terms of training, job experience, and security clearances, can enable them to make immediate contributions to any agency with vacancies to fill. Finding jobs for displaced employees can also save the government money by minimizing severance payments and unemployment compensation outlays.

While the potential benefits of an expanded priority placement program are clear to us, the shape such a program should take is not. OPM believes it should first study how best to place RIFed employees. If this course is adopted, we believe the OPM study should focus on resolving certain fundamental questions to ensure the resulting program is as effective as possible.

THE STATUS OF OPM'S CURRENT INTERAGENCY PLACEMENT PROGRAM

On December 1, 1993, OPM activated the current IPP by merging two earlier efforts into a single automated program. The new IPP's goal was to provide more effective and user-friendly job placement assistance to RIFed employees.

Under this program agencies must consult the IPP inventory when filling positions through (1) a competitive register held either by OPM or by an agency with delegated examining authority, (2) a direct-hire authority; or (3) the Outstanding Scholar provision. Appointing officers may not pass over an IPP eligible employee to select a non-IPP eligible unless an objection to the IPP eligible is sustained by OPM or an agency with delegated authority.

The inventory of IPP registrants is maintained at OPM's Staffing Service Center in Macon, Georgia. According to OPM, to access the inventory, agencies use an automated system that attempts to match qualified candidates on the IPP with agencies' hiring needs. If there are any matches, OPM sends a list of those candidates to the agencies. Agencies are required to either hire someone from that list, file an objection with OPM, or leave the vacancy unfilled.

According to OPM, the current IPP offers several improvements over previous placement programs. For example, agencies can obtain referrals through "one stop shopping" from the Macon register, and data on candidates are routinely updated. However, despite these improvements, the IPP has led to few placements. According to OPM, between the IPP's inception and September 16, 1994, from an inventory of 2,729 registrants, agencies made 204 job offers resulting in 154 declinations and 50 placements.

OPM attributes the low number of selections to the fact that agency downsizing has substantially reduced the number of vacancies and that agencies have alternatives to hiring an IPP registrant, such as internal merit promotions, reinstatements, or use of certain excepted appointments. The latter category includes programs such as the Stay-in-School authority and the Veterans Readjustment authority. By expanding the types of appointments covered by the placement program, H.R. 4719 would prevent agencies from using these authorities to bypass the IPP in filling vacancies.

SEVERAL QUESTIONS SURROUND CREATION OF A NEW PLACEMENT PROGRAM

To create an expanded priority placement program that functions as effectively as possible, several questions need to be answered. These questions relate to the extent to which the program should be expanded, the amount of flexibility that should be accorded agencies in selecting candidates, and the possibility of additional approaches to enhancing the placement program. These questions are discussed below.

WHAT TYPES OF APPOINTMENTS SHOULD THE PLACEMENT PROGRAM COVER AND HOW MIGHT IT AFFECT AGENCIES' OTHER HIRING GOALS?

In creating an expanded placement program, a decision will be needed on the specific types of appointments beyond the competitive service that the program should cover. A key factor in making this determination is the likely impact such increased coverage might have on agencies' other hiring goals. For example, OPM believes that an expanded priority placement program could impair the ability of agencies to use appointing authorities that facilitate the hiring of disabled Americans and military veterans. Currently, candidates from these groups may be hired via non-competitive appointments without checking the IPP inventory. The effect of eliminating this option must be carefully weighted in light of past congressional interest in providing members of these groups enhanced opportunities for federal employment.

Use of the Stay-in-School authority, a program that allows students with financial needs to work for the government while continuing their education, might also be limited if agencies were required to hire through the IPP program. An expanded mandatory placement program might also limit the ability of agencies to hire talented entry-level candidates through the cooperative education program.

A related question is whether the placement program should give displaced employees priority over candidates for internal merit promotion. OPM has suggested that this could have the effect of blocking employees who otherwise would have been promoted, which could affect labor-management agreements. Resolution of issues such as these would help ensure that the expanded placement program covers a wide range of appointments while minimizing any unintended consequences.

HOW MUCH FLEXIBILITY SHOULD AGENCIES BE ALLOWED IN SELECTING CANDIDATES?

OPM should consider the degree of flexibility agencies should have in selecting candidates. This is important since our earlier work on veterans' preference suggests that a mandatory placement system that limits agencies' discretion in choosing candidates may have unanticipated results. In our March 1992 report that examined whether federal veterans' preference requirements needed updating, we found that hiring certificates headed by veterans were more often returned unused without making a selection than hiring certificates headed by nonveterans.¹ Indeed, 71 percent of the hiring certificates we examined that were headed by veterans were returned unused, compared to 51 percent of those certificates headed by non-veterans.

One possible explanation for this is that if a certificate is headed by a veteran and contains nonveterans in the next two positions, a hiring official generally has no choice but to select the veteran or return the certificate unused. The rate of unused certificates suggests that many officials would rather leave a vacancy temporarily unfilled than lose their discretion to hire another candidate. Whether an expanded mandatory placement program could have similar results is unclear but worthy of exploration.

ARE THERE ADDITIONAL APPROACHES TO ENHANCING THE PLACEMENT PROGRAM THAT SHOULD BE CONSIDERED?

Additional approaches to increasing the effectiveness of the placement program may exist. Such alternatives could include, for example, effectively marketing candidates in the interagency placement inventory. If the placement program were effectively promoted as a source of talented, experienced candidates that agencies could hire quickly and easily, agencies might prove more eager to use the program voluntarily over other sources of candidates.

Another approach is to encourage agency programs for providing transition services to RIFed employees. According to OPM, one such program that operates very well is the Career Transition Center at the Naval Sea Systems Command in Crystal City, Virginia. A representative of that organization told us that it has a number of resources displaced employees can use to help them find jobs in government and the non-federal sector. These resources include books on job search techniques; job availability listings; and software that enables users to prepare resumes, complete job application forms, or identify their skills and career interests. Patrons can also meet with career counselors at the center. This type of career transition unit could be useful to displaced employees regardless of the shape the final IPP takes.

¹*Federal Hiring: Does Veterans' Preference Need Updating?* (GAO/GGD-92-52, March 20, 1992), p. 27.

CONCLUSION

We fully support H.R. 4719's goal of placing RIFed employees in other federal jobs. These employees are an important resource whose prior federal experience and training could help them make immediate contributions to any agency. However, we also believe that some uncertainties remain concerning the best design for an expanded placement program. We believe that answering the questions discussed above will help in developing a program that best serves the need of displaced workers and the government as a whole.

H.R. 4719 would direct the Office of Personnel Management (OPM) to establish an interagency placement program for federal employees who lose their jobs as a result of reductions in force (RIFs). While OPM's current Interagency Placement Program (IPP) requires agencies to give priority to RIFed employees when filing positions through competitive appointments, H.R. 4719 would broaden this requirement to a governmentwide mandate.

GAO fully supports H.R. 4719's goal of placing qualified RIFed employees in other federal jobs. These employees are an important resource whose prior federal experience and training could help them make immediate contributions to any agency with vacancies to fill. However, in creating an expanded priority placement program, a number of important questions need to be answered. These include:

What types of appointments should the placement program cover and how might it affect agencies' other hiring goals?

How much flexibility should agencies be allowed in selecting candidates?

Are there additional approaches to enhancing the placement program that should be considered?

GAO understands that OPM favors conducting a study of how best to place RIFed employees. Such a study should seek to resolve the above questions to ensure that the placement program effectively serves the needs of both displaced workers and the government as a whole.

Mr. McCLOSKEY. I will be fairly brief, Mr. Bowling, with a question or two. But I guess the veterans, despite the veterans' preference, don't fare all that well in the hiring competition?

Mr. BOWLING. That is correct. It does not seem to be achieving the intent of veterans' preference, which is to give more enhanced opportunities to veterans.

Mr. McCLOSKEY. And could you expand on why you think that is, what is happening there? I mean, I guess I could guess intuitively, but—

Mr. BOWLING. Well, there is some room for agencies to avoid selecting the veterans who simply appears on a certificate simply by returning that certificate unfilled, which, according to OPM does happen fairly frequently, and according to our statistics, far more often than certificates that are returned with unfilled vacancies for nonveterans.

Mr. McCLOSKEY. Do you think there is an administrative problem there? Is this being done correctly then?

Mr. BOWLING. It is difficult to say how much flexibility should be accorded. On the one hand, you wouldn't want to reduce flexibility to the extent that a person would be hired and placed in a position that they would not be comfortable filling or fill very adequately.

On the other hand, you would also want to prevent people, agencies, from avoiding filling positions with perfectly well-qualified employees that by all rights, according to congressional intent, should be placed in those positions.

Mr. McCLOSKEY. I think we will pursue this further at another time, but you also say on page 5 of your statement, a related question is whether the placement program should give displaced employees priority over candidates for internal merit promotion. I guess from what Ms. Norton says, that would not be the case with her legislation.

Mr. BOWLING. I understand from talking to Congresswoman Norton's staff that that is indeed true and the current bill does not envision covering internal merit promotion, and I think that is the way it should be. I think that is correct.

Mr. MCCLOSKEY. In short, your concerns regarding this legislation, does it primarily go to the principle and structure? You raise the concerns as to minority and veterans. They would be coming in from the outside, or do the GAO concerns go more to the administration and the enforcement and the followup and the reviews and, the—

Mr. BOWLING. Yes, I think the latter is probably a more accurate reflection. We fully applaud the purpose of the bill, the objective of the bill and the general concept of expanding placement authority to cover as many employees as possible.

It is also true that Congress has shown in the past its intent to protect members of certain classes, certain groups, and our view is that that needs to be thought through carefully and explicitly in implementing the program to insure that whatever special treatment is intended is, in fact, still accorded. I see no reason why that couldn't be done.

Mr. MCCLOSKEY. With that, I will recognize Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman. These self-same questions, questions I think that are legitimate, of course, were present in the DOD Program. Is there any evidence that the DOD Program, which my bill essentially matches, caused problems with veterans and others such that GAO would want to say that it should not be made governmentwide?

Mr. BOWLING. We have not studied the DOD Program, but from what we know, we see no evidence that there are problems with the DOD Program and that, in fact, we would probably encourage OPM, in putting together the IPP, to look very closely at that program as the potential model for a successful one.

Now, since we haven't studied it, we don't know if there are any unintended consequences as a result. They certainly seem to be placing a larger number of employees, and that thereby achieving their overall objective.

Mr. MCCLOSKEY. Well, for the record, everything we have done with buyouts follow lockstep in what the DOD has done. In essence, the DOD became a massive study in progress and has been touted governmentwide for its success. I am amused by the notion raised by OPM that there would be matters such as diversity affected, since the last hired and first fired continue to be, in this Government, people of color, and often women, and one of the great problems with RIF's continues to be that the persons put out in the street are people of color and women. So about the last thing I want to hear from OPM is that they want new hires to bring in some minorities and women as they push the minorities and women who are on board out the door.

The only one that concerns me is veterans who have a very substantial priority in the Government, and that is something we would want to investigate. Very substantial as it is, very, very substantial, so substantial that it often discriminates against women, I might add, and yet I think veterans have very little complaint

about it in the way they have been hired. Veterans preference was never meant to displace workers on board, was it?

Mr. BOWLING. No. It was simply to offer an enhanced opportunity for employment to people who had served our country and the military.

Ms. NORTON. So if someone comes to the door of the Government, they get expanded points and preference for having served the Government, whether they were in combat, but they do get—the fact that they—and whether it is peacetime or wartime, they do get the extra points as they come to the door of the Government.

Do you know of any history where veterans placement has been used to displace people who have already been holding jobs and have been RIF'd?

Mr. BOWLING. I am not aware of that. That might be a good question to ask OPM since their experience has been considerably deeper than ours, but I am not aware of such cases.

Ms. NORTON. Are you aware of the relationship between the number of people involved in the downsizing and efficiency goals in the agencies?

Mr. BOWLING. No. Our view is that when downsizing, one needs to look at the workforce planning first and determine what the right number of people should be to operate an agency and its programs as effectively as possible, and that is a good way to start.

I think in our testimony tomorrow at your subcommittee's hearing, we will be addressing a little bit more of that same subject.

Ms. NORTON. But you are not aware that that process was carried out here, looking to your goals first and then deciding how many people you need to meet your goals?

Mr. BOWLING. We are not aware of that.

Ms. NORTON. Could I ask you, given the downsizing goals we have, goals that keep going up, the time limits which don't go up for achieving those goals, whether you believe there will be significant numbers of RIF's during fiscal year 1995?

Mr. BOWLING. We conducted a survey of 37 Federal agencies to determine answers to questions just such as those. The results showed that five of the agencies that we contacted said that they did, in fact, believe there would be RIF's during fiscal year 1995.

At the same time, there were 22 other agencies which felt they did not think there was any likelihood of RIF's. So certainly there are some agencies that believe that there will, in fact, be RIF's.

Ms. NORTON. What are those agencies?

Mr. BOWLING. I don't have that information with me.

Ms. NORTON. Bring that information tomorrow to our hearing.

Mr. BOWLING. I can supply that for you, yes.

Ms. NORTON. I would appreciate you bringing that information tomorrow to our hearing.

Mr. BOWLING. OK.

Ms. NORTON. What about the years beyond fiscal year 1995, fiscal year 1996 to 1999 and the likely need for RIF's?

Mr. BOWLING. We really don't have information on that. One would presume that as the number of employees, number of FTE's are reduced, that there might be the potential for a large number of RIF's, but we really haven't looked into that enough to give you an answer.

Ms. NORTON. Given the likelihood of more RIF's, which, of course, take place randomly, one of the reasons we did buyouts was because of the chaotic way in which RIF's must be carried out under existing law. Given that, do you think more buyout authority would be preferable to RIF'ing employees from now through 1999 to meet goals?

Mr. BOWLING. Our view is that buyouts are a preferable alternative to RIF's, for some of the same reasons that you have mentioned. They tend to be more cost-effective. They tend to have less adverse impact on individual employees, and I think there is the potential that they would have less effect on women and minorities, which as you rightly observe, potentially are at risk in a RIF situation.

Ms. NORTON. You indicate in your testimony that utilizing displaced employees saves the Government money by minimizing severance payments and unemployment outlays. Do you have any estimate of what those savings might be for the next fiscal year, for example?

Mr. BOWLING. No. It would be very difficult to estimate and we haven't. It is possible OPM may be able to give you some more information on that, but I think it would be hard to estimate an actual figure. However, it is clear, I think, that those savings would be available since those are outlays that simply would not occur if that employee were placed in another Federal job.

Mr. McCLOSKEY. How would you compare the savings in severance payment and unemployment outlays on the one hand with the costs involved in recruiting, hiring, and training a new Federal employee?

Mr. BOWLING. That is an interesting question. We have done some work looking at non-Federal employers and their downsizing efforts and we haven't published that. We are still doing our data analysis, but we have found some agencies who have stated that based on their analysis, it is, in fact, very cost-effective to retain employees rather than separating them and hiring new ones and that even if a considerable amount of money has to be spent in retraining those employees, it is still more cost-effective for them and more efficient in terms of their workforce to maintain those employees than to go outside and hire new employees.

So there does seem to be some concrete evidence that the private sector has looked at that issue and has decided it is better to retain people and place them in other jobs as opposed to going outside.

Ms. NORTON. One of the things that we are going to have to become more expert in as a committee is in doing what private companies simply have to do. A private company simply could not have sat down and said, how many employees do we have to get rid of, pick a number, without relating it to the cost of doing business, the cost of making a product.

Mr. McCLOSKEY. I might say, I am totally in sympathy with you. That is where we started on all this.

Ms. NORTON. You and I remember time after time raising this question, and we are going to have to find proxies for it. In the same way, only OPM could say, don't consider whether it costs us more money to hire a new employee than to retrain or retain. Only the Government would say that. Nobody in business, which has a

bottom line to discipline what she does, could ever say anything else, except, what does it cost me to do it this way and what does it cost me to do it that way.

And I just want to say that as far as I am concerned, perhaps asking GAO to do more work with the Government, since the Government is now putting itself in the efficiency business through the National Performance Review, we are simply going to have to fish or cut bait. We are either going to have to act like a private company or stop merely using the rhetoric of a private company, or go back to the way we always were doing it and not pretend we are doing proficiency studies.

I appreciate the work of the GAO. I greatly respect it and any changes in my bill will be guided in no small part by your testimony. Thank you very much, Mr. Chairman.

Mr. McCLOSKEY. Thank you very much, Ms. Norton. Maybe a softball question; I could anticipate a response, but for the record, Mr. Bowling, does GAO favor the role of an expanded IPP?

Mr. BOWLING. We certainly favor the objective of placing as many Federal employees as possible and expanding the current program is certainly a reasonable way to go about that. Our only reservation, or at least qualification, is that we feel that the questions we raised in our testimony today should be explored in creating that expanded system to ensure that it does, in fact, meet the needs of both the employees and the Federal Government as fully as possible.

Mr. McCLOSKEY. Thank you very much. I am a great fan of the GAO. I would hope not to be utilizing your services in the post-election period for the second time. Thank you very much.

Mr. BOWLING. Thank you very much.

Mr. McCLOSKEY. Our second panel is Leonard Klein, Association Director for Career Entry, Office of Personnel Management, welcome. And also Dr. Diane Disney, Deputy Assistant Secretary of Defense for Civil Personnel Policy in the DOD. Welcome to both new witnesses here. I might say from the standpoint of protocol and agency size, maybe we will start with Ms. Disney.

Doctor.

STATEMENT OF LEONARD R. KLEIN, ASSOCIATE DIRECTOR FOR CAREER ENTRY, OFFICE OF PERSONNEL MANAGEMENT, DIANE M. DISNEY, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVIL PERSONNEL POLICY, DEPARTMENT OF DEFENSE

Ms. DISNEY. Thank you very much, Mr. Chairman, but in this particular instance, given that OPM has the broader view, I would be happy to defer to OPM and then follow up.

Mr. McCLOSKEY. I will defer to your negotiations. Both statements are accepted for the record and if someone will start soon, it would be great.

Mr. KLEIN. Well, I will begin. Good morning, Mr. Chairman and Members of the subcommittee.

Mr. MCCLOSKEY. Good morning, sir.

Mr. KLEIN. I thank you for providing the Office of Personnel Management this opportunity to discuss H.R. 4719. This bill would require OPM to establish a mandatory Interagency Placement Program for Federal employees affected by reductions in force.

H.R. 4719 would require OPM to establish a mandatory Governmentwide Interagency Placement Program under which all Federal agencies would be required to hire a well-qualified displaced employee if available before considering candidates from other sources. OPM strongly agrees with the objective of retaining affected Federal employees in the Federal work force.

We agree that OPM's current system needs improvement. However, it would be very desirable to first conduct a thorough study of all the interagency placement issues, as will be required by section 1066 of the defense authorization bill.

Under this provision, OPM would conduct a 6-month study to determine the feasibility of a mandatory Interagency Placement Program. OPM will go further than this study proposes and provide an implementation plan for the optimum Interagency Placement Program. We believe it is critical to involve the various affected agencies and take advantage of DOD's experience with its internal placement program.

Some elements of the design could be implemented administratively. Others may require statutory assistance. A study would permit the identification of all the issues affecting the placement program and potential solutions.

Additional approaches may help avoid RIF's and minimize their impact. The defense outplacement referral system, or DORS, which OPM and DOD built in collaboration as an early action referral system, has been working effectively to provide referrals of DOD employees who lose their jobs to other Federal agencies and non-Federal employers also. These referrals have helped many DOD employees gain other positions where their experience and skills are needed.

OPM has been working to provide a similar outplacement referral system for employees in other Federal agencies. We have been making progress in setting up the new voluntary placement system. Following the necessary programming of the system and other steps needed for operation, we expect the new system to begin accepting registrants in February or March of next year.

The voluntary placement system will allow early registration of employees who wish to be considered for outplacement and provide rapid referrals to other Federal agencies for possible placement. We anticipate that this new program will be of significant benefit to employees. This program could be one of the elements of the proposed design.

In addition, OPM has recently made substantial improvements to the Interagency Placement Program, or IPP, which requires an agency to hire a qualified displaced employee if available when filling a job from competitive registers. We have automated and centralized the IPP, allowing faster registration by employees and immediate access by agencies to the qualifications of the displaced

employees. Further, we have modified the procedures so that many employees can register for outplacement up to 6 months prior to the date of the expected separation.

Along with the placement study under the defense authorization bill, OPM plans to review a full range of additional options to assist employees affected by downsizing and restructuring. For example, OPM has expanded our Federal job opportunities listing, or FJOL, to include now all jobs in the competitive service for which an agency is seeking candidates from outside the agency. Access to the best possible job information is an important resource for affected employees.

Employees can access the FJOL at agencies' career transition centers or by telephone, which also provides a variety of assistance to Federal employees, including training and job search skills.

Another possible means of assistance for employees is retraining through the Job Training Partnership Act, JTPA, administered by the Department of Labor. OPM and DOD have previously developed a Department of Labor system under which agencies can provide up to 6 months' advance notice of an employee's expected separation so that employees will have the maximum opportunity to benefit from the JTPA services.

In summary, OPM supports the study to design an implementation plan of interagency placement that would be required by section 1066 of the defense authorization bill. We are pursuing a variety of efforts which can be incorporated into a new system design and which, when used together, can be very effective in minimizing the impact of downsizing on our employees. Thank you, and I would be available for questions.

[The statement of Mr. Klein follows:]

PREPARED STATEMENT OF LEONARD R. KLEIN, ASSOCIATE DIRECTOR FOR CAREER ENTRY, OFFICE OF PERSONNEL MANAGEMENT

Thank you for providing the Office of Personnel Management this opportunity to discuss H.R. 4719. This bill would require OPM to establish a mandatory interagency placement program for Federal employees affected by reductions in force (RIF's).

H.R. 4719 would require OMP to establish a mandatory governmentwide interagency placement program under which all Federal agencies would be required to hire a well-qualified displaced employee if available before considering candidates from other sources. OPM strongly agrees with the objective of retraining affected employees in the Federal service.

We agree that our current system needs improvement. However, it would be very desirable to first conduct a thorough study of all interagency placement issues, all will be required by section 1066 of The Defense Authorization Bill. Under this provision, OPM would conduct a 6-month study to determine the feasibility of a mandatory interagency placement program. OPM will go further than this study and propose an implementation plan for the Optimum Interagency Placement Program. We believe it is critical to involve the various affected agencies and take advantage of DOD's experience with its internal placement program. Some elements of the design could be implemented administratively, and others may require a statutory basis. A study would permit the identification of all the issues affecting the placement program, and potential solutions.

Additional approaches may help avoid RIF's and minimize their impact. The Defense Outplacement Referral System, or DORS, which OPM and DOD built in collaboration as an early action referral system, has been working effectively to provide referrals of DOD employees who face job loss to other Federal and non-federal employers. These referrals have helped many DOD employees gain other jobs where their experience and skills are needed. OPM has been working to provide a similar outplacement referral system for employees in other Federal agencies. We have been making progress in setting up the new voluntary placement system. Following the

necessary programming of the system and other steps needed for operation, we expect the new system to begin accepting registrants in February or March of next year. The Voluntary Placement System will allow early registration of employees who wish to be considered for outplacement, and provide rapid referrals to other Federal agencies for possible placement. We anticipate that this new program will be of significant benefit to employees. This program could be one of the elements of the proposed design.

In addition, OPM has recently made substantial improvements to the interagency placement program, or IPP, which requires an agency to hire a qualified displaced employee if available when filling a job from a competitive register. We have automated and centralized the IPP, allowing faster registration by employees and immediate access by agencies to the qualifications of displaced employees. Further, we have modified the procedures so that many employees can register for placement up to 6 months prior to the date of expected separation.

Along with the placement study under The Defense Authorization Bill, OPM plans to review a full range of additional options to assist employees affected by downsizing and restructuring. For example, OPM has expanded our Federal job opportunities listing, or FJOL, to include all jobs in the competitive service for which an agency is seeking candidates from outside the agency. Access to the best possible job information is an important resource for affected employees. Employees can access the FJOL at agencies' career transition centers, including training in job search skills. Another possible means of assistance for employees is retraining through the Job Training Partnership Act (JTPA) administered by the Department of Labor. OPM and DOD have previously developed with the Department of Labor a system under which agencies can provide up to 6 months' advance notice of an employee's expected separation, so that employees will have the maximum opportunity to benefit from JTPA services.

In summary, OPM supports the study to design an implementation plan of interagency placement that would be required by Section 1066 of The Defense Authorization Bill. We are pursuing a variety of efforts which can be incorporated into a new system design and which, used together, can be very effective in minimizing the impact of downsizing on employees.

Mr. MCCLOSKEY. Thank you very much, Mr. Klein. Before going to Dr. Disney, we have been joined by Congresswoman Morella, who is recognized for any statement she may care to make.

Mrs. MORELLA. Mr. Chairman, I want to thank you for calling this hearing. It is very, very, very important to our Federal work force. I do not have an opening statement, but in the interest of time, I will submit one for the record and again, thank you for the hearing.

Mr. MCCLOSKEY. Without objection. Good to see you Mrs. Morella.

Dr. Disney.

Ms. DISNEY. Mr. Chairman, members of the subcommittee, thank you very much for inviting me here today to discuss H.R. 4719, the Federal Service Priority Placement Program Act of 1994. We support the concept and we believe that our experience with the Department of Defense Priority Placement Program provides important lessons for a governmentwide program.

Since September 1989, DOD has reduced its civilian end strength by 220,000 people, roughly 20 percent. Under the Department's current plan, civilian end strength will be reduced by an additional 100,000 by the end of fiscal year 1999. In addition, further possible personnel reductions continue to be under review. Throughout this effort, other focus has remained on areas of surplus employment as we try to minimize involuntary separations.

In fiscal year 1993, for example, DOD accounted for the majority of all Federal downsizing. We reduced our civilian rolls by 70,000 people and only 2,000 of those were involuntary separations. To accomplish these reductions, we used all of the tools available, includ-

ing hiring restrictions, voluntary early retirement authority and buyouts.

As the drawdown continues, our capacity to reabsorb employees and to use existing tools effectively will necessarily be constrained. A successful governmentwide placement program, therefore, could be an asset in our continuing effort to minimize involuntary separations. Before I comment on the governmentwide concept, however, let me take a few moments to tell you about PPP.

The Priority Placement Program will celebrate its 30th birthday next year. DOD established the program in 1965 in response to a commitment by the then Secretary of Defense to Congress about closing installations without separating employees. PPP began as a paper and labor-intensive program. It traded supervisor and employee discretion for guaranteed job offers. Today it is a flexible, automated program that considers supervisory and mission requirements along with employee choice.

Since the early years, program registrants have risen from 5,000 to just over 19,000 at any given time. Placements have risen from roughly 175 a month to the recent average of a thousand a month. We have placed over 100,000 employees. While we no longer guarantee every employee a job offer, we have significantly reduced the number of employees whom we involuntary separate.

Over the years, we have periodically solicited information from gaining supervisors; that is, those who are taking on someone from the program, regarding program satisfaction. Almost 99 percent of the supervisors surveyed reported that they are satisfied with the PPP placements. Interestingly, almost 89 percent report that the employees placed from the program were better qualified than employees referred from other sources.

Now, returning to the issue at hand, the Department believes that Federal agencies have the responsibility to do everything possible to take care of their employees, particularly during times of transition. We share this belief with the Office of Personnel Management. We believe that agencies should fill vacancies first through their own internal placement program for employees facing reduction in force.

Second, they should go through their own internal merit promotion system, and third, through a governmentwide program. In other words, the governmentwide program should apply only when an agency hires from outside its own work force.

We base this position on strong economic considerations which are explained in the written testimony. Essentially, we recognize that each agency has a unique mission and culture. Therefore, internally placed employees can, in general, become productive sooner and at lower cost than external candidates. By allowing agencies to reabsorb their own displaced employees and then promote or reassign current employees before using an external placement program, we can capitalize on our investment in our employees for the future of our agencies.

We believe that the best approach is for OPM to collaborate with DOD and other Federal agencies to develop and implement a system which meets agency needs and provides the best placement opportunity for employees. Indeed, we have already begun discussions

about the organizational principles essential to the design of such a system.

A governmentwide program must not only have high level support, but also be flexible. This flexibility is best found in an administratively directed program. Such a program can accomplish the same objective as this legislation and will complement the changes in human resource management envisioned by the National Performance Review. Therefore, the Department of Defense urges that the proposed legislation not mandate the development of a governmentwide PPP, but rather allow OPM the administrative flexibility to develop and implement this important program.

I thank you very much for the opportunity to share our thoughts on this issue. We look forward to working with OPM and other agencies in the months to come and I look forward to answering your questions. Thank you.

[The prepared statement of Ms. Disney follows:]

PREPARED STATEMENT OF DIANE M. DISNEY, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVIL PERSONNEL POLICY, DEPARTMENT OF DEFENSE

Thank you for inviting me here today to discuss H.R. 4719, the Federal Service Priority Placement Program Act of 1994. We support the concept and believe that our experience with the Department of Defense Priority Placement Program (PPP) provides important lessons for a Government-wide program.

Since September 1989, DoD has reduced its civilian endstrength by about 220,000 or 20 percent. Under the Department's current plan, civilian endstrength will be reduced an additional 100,000 by FY 1999. In addition, further possible personnel reductions continue to be under review. Throughout this effort, our focus remains on areas of surplus employment as we try to minimize involuntary separations. In FY 93, for example, DoD accounted for the majority of all federal downsizing. We reduced our civilian rolls by 70,000 people, and only 2,000 of those were involuntary separations. To accomplish these reductions we use all the tools available, including hiring restrictions, voluntary early retirement authority, and buyouts. As the drawdown continues, our capacity to reabsorb employees and to use existing tools effectively will necessarily be constrained. A successful Government-wide placement program, therefore, could be an asset in our continuing effort to minimize involuntary separations. Before I comment on the Government-wide concept, however, let me take a few moments to tell you about PPP.

The PPP will celebrate its thirtieth birthday next year. DoD established the program in 1965 in response to a commitment the then Secretary of Defense made to Congress to close installations without separating employees. PPP began as a paper and labor-intensive program that traded supervisor and employee discretion for guaranteed job offers. Today it is a flexible, automated program that considers supervisory and mission requirements along with employee choice.

Since the early years, program registrants have risen from 5,000 to just over 19,000 at any given time. Placements have risen from roughly 175 per month to the recent average of 1,000 per month. PPP has placed over 100,000 employees. While we no longer guarantee every employee a job offer, we have significantly reduced the number of employees whom we involuntarily separate.

Over the years, we have periodically solicited information from gaining supervisors regarding program satisfaction. Almost 99% of the supervisors surveyed report they are satisfied with PPP placements. Interestingly, almost 89% report that the employees placed from the program were better qualified than employees referred from other sources.

Now, returning to the issue at hand, the Department believes that Federal agencies have the responsibility to do everything possible to take care of their employees particularly during times of transition. We share this belief with the Office of Personnel Management (OPM). We believe that agencies should fill vacancies first through their own agency placement program for employees facing reduction-in-force, second through internal merit promotion, and third through a Government-wide program. In other words, the Government-wide program should apply only when an agency hires from outside its own workforce.

We base this position on strong economic considerations. A popular textbook defines human capital as ". . . the accumulated knowledge and skills of the working

population" (*Economics*, Michael Parkin, Addison-Wesley Publishing, 1960, p. 983). Nobel laureate Gary Becker, a pioneer in this field (*Human Capital*, Columbia University Press, 1964), explains how workers, through on-the-job experience as well as employer-supplied training, over time tend to become increasingly productive. The value of this human capital is specific to the organization in which it was acquired to the extent that its mission and culture differ from that of other organizations. Conversely, the cost of training and acculturating workers transferring in from outside increases with the distinctiveness of the organization.

Each agency has a unique mission and culture. Therefore, internally placed employees can, in general, become productive sooner and at lower cost than external candidates. By allowing agencies to reabsorb their own displaced employees and then promote or reassigned current employees before using an external placement program, we can capitalize on our investment in our employees for the future of our agencies.

We believes that the best approach is for OPM to work in collaboration with DoD and other Federal agencies to develop and implement a system which meets agency needs and provides the best placement opportunity for employees. Indeed, we have already begun discussions about the organizational principles essential to the design of such a system.

A Government-wide program must not only have high-level support but also be flexible. This flexibility is best found in an administratively directed program. Such a program can accomplish the same objective as this legislation and will complement the changes in human resources management envisioned by the National Performance Review. Therefore, the Department urges that the proposed legislation not mandate the development of a Government-wide PPP, but rather allow OPM the administrative flexibility to develop and implement this important program.

Mr. McCLOSKEY. Thank you very much, Dr. Disney.

Mr. Klein.

Mr. KLEIN. Yes, sir.

Mr. McCLOSKEY. I guess about half of the quarter million plus work force numbers to be reduced has occurred already and obviously this program downsizing is well under way. How long would a study take? How many more people would be affected negatively without these opportunities that Ms. Norton is trying to, I think rightly, provide in order for all this to be resolved?

I guess, A, I would like to ask that; and then B, I would like to ask specifically what are the problematic principles and procedures that you are concerned about with what Ms. Norton is proposing. Since, hopefully, as I am getting further enlightened and she explains it to me, as a matter of common sense, not an unending study, I can't find too much wrong with it.

Now, I am not interested in mandating anything or an argument, but what is the matter with just getting this done fairly quickly?

Mr. KLEIN. Yes, sir. Perhaps I could review some of the things we have been doing in the past year. We share your concern and share Ms. Norton's concern and the subcommittee's.

We believe our current Federal employees are our best possible applicants for our positions. We face a number of dilemmas and that is essentially why we think the study is required. We ought to look at this very carefully.

During the past year, OPM has been putting considerable effort into the buyout legislation, and now assisting agencies in getting ready for the buyout. We have had full day training sessions, satellite conferences with agencies. We get 200 calls a day on our hot lines.

We think that the buyout legislation will prevent many reductions in force. They have allowed DOD to avoid reductions in force for 50,000 people so far, and we have used it for 15,000 in the domestic agency so far this year. We expect another large number in

the October, November timeframe. So the buyouts are certainly one of the tools.

We have been concerned about our force placement programs. They have been manual and decentralized. Agencies need to call around to our various facilities to find out who is on the list. We have not centralized that, automated it so they can call it up on their personal computers in a matter of seconds and see where these people are located. We have been looking for the DORS program, the Defense Outplacement Referral System, ways voluntary—

Mr. MCCLOSKEY. Mr. Klein, I respect that and I understand that, but specifically, what is the matter with the principles and the structures of her legislation?

Mr. KLEIN. Well, I guess our principle concern is the effect on certain constituencies that I think we need to take a hard look at before we venture into this area.

Mr. MCCLOSKEY. I was going to mention previously what Ms. Norton mentioned, but isn't one of the constituencies here for Federal employees being somewhat, even in the fairest descriptions, arbitrarily displaced. They are the last hired and first fired, and with the seniority system and the social and employment history in this country, they are most likely to be women and minorities?

And if we are dealing with that, vis-a-vis people being hired, for lack of a better term, off the street, I guess I have a hard time seeing what the problem is. Maybe Ms. Norton would reinforce me on this, but—

Mr. KLEIN. Well, we think—

Mr. MCCLOSKEY. And how long is this study going to take and how long is this process going to go along by the time this study is done, Mr. Klein?

Mr. KLEIN. We think we cannot only do a study but have a proposed plan within 6 months. I am not talking about feasibility.

Mr. MCCLOSKEY. How many more people are going to be gone in that 6-month period?

Mr. KLEIN. We think the next 6 months, the primary act in town is going to be the buyout legislation. We expect 40,000 to 50,000 people from agencies to be taking buyouts between now and next March. We think that is going to prevent an awful lot of reductions in force.

We think by our new automated IPP system we can get far more placements than we have in the past. For example, when we put the new system into place in May, during the first few months we received nine placements. In the last couple of months, it is up to 45. So it is picking up. Agencies are getting used to using it. We have placed 335 people through the DORS Program in this past year, and that is purely voluntary.

We think if we extend that to our agencies, we can get far more placements. And by the way, in our current force placement program, we have made 50 placements, but there have been 204 offers and 150 of those have been turned down because people didn't want to work for a certain agency or they didn't wish to move or they didn't like the job they were offered.

So the actual number of legitimate offers have been 204. Currently we have about 1,200 Defense employees on our force place-

ment program, mandatory placement program, 1,200. During the past year, DOD has hired 10,000 people from outside Government. These people obviously are not able to be placed within DOD. Their placement program is excellent, it is internal, but they can't place some of these people that are in skills that are no longer needed within Defense that are not needed within other agencies either.

Mr. McCLOSKEY. Again, and I appreciate Ms. Norton's research on this and her expertise, but as I understand it, no one would be placed in a job for which they are aren't qualified. I mean, no one is saying this is absolute, that you can't hire from outside.

Is that not right, Ms. Norton?

Mr. KLEIN. Yes, we try to match up the candidates with the vacancies. Currently, Federal agencies have an option of going to other sources.

Mr. McCLOSKEY. But don't you feel there should be a major basic equity concern for people who are being discharged through the Federal payroll now through no fault of their own?

Mr. KLEIN. Yes, but our belief is we can do that more effectively than closing off other options to other agencies. For example, last year we hired 572 severely disabled employees. They would be a category where they would be overridden by people internally being moved. We have made 2,800 veteran readjustment—

Mr. McCLOSKEY. I probably have on a numbers rating basis probably the most—I am not talking about ability or commitments, but on numbers and votes—there is no one in the Congress with more of a procivil rights, prodisabled record than I have.

I wish Ms. Norton would get in this dialogue now. I am just thinking out loud, but as a matter of basic equity, with a force cut-back involving loyal, competent employees, should these people not have a preference, over even outside people who are deserving of preferences? I mean, there is only so much any institution can handle, but—

Mr. KLEIN. They do currently have an absolute preference over external hires through the competitive system. The only exceptions are, and I think these are issues we need to look at carefully, I might run through a bit what happens when we send a referral to an agency. The agency gets the referral on a specific position from us.

Now, they have some options. They can take that referral or they can go to one of the noncompetitive hiring authorities. Now, let me run through what those might be. They can promote an internal employee to that position. Of course that opens another vacancy.

They can transfer a current Federal employee from another agency. That produces another vacancy. Now, in both cases these are current Federal employees so they meet your criteria. If they don't find that useful, they can hire a disabled person, severely disabled, and we have affirmative action programs to do that. We have 60,000 students currently working with us, co-ops. Half of them are minority students. They can select one of those students through a noncompetitive appointment who have completed their co-op program.

This program would not allow that. It would require another Federal employee coming from another agency. We look at our student programs as being one of our key elements for diversity. There

are others, Ramstat appointments, congressional staff members who have lost their job due to an election. They would be able to come in.

Mr. MCCLOSKEY. Please let us not talk in those terms.

Mr. KLEIN. But there are so many constituencies here that we share your concern. We really would like to sit down and look through this and see how we can get around this.

Mr. MCCLOSKEY. I think, I have talked and questioned enough for the time being. I think you see the concern I am getting at, knowing I will get your sincere cooperation.

Mr. KLEIN. Absolutely.

Mr. MCCLOSKEY. Ms. Norton.

Ms. NORTON. Thank you very much, Mr. Chairman. Mr. Klein, I can understand the importance of maintaining flexibility, and as someone who ran a Government agency and one that was on its knees when I came, I understand and am not unsympathetic with what agencies desire when it comes to such flexibility.

I do want to just say for the record, the Chairman made a profound point before he got to speaking about disabled people and minorities and so forth. Mr. Chairman, your words were to the effect, weren't displaced Federal employees, people displaced through no fault of their own or incompetence, weren't they a special constituency that ought to be put on an even par with special constituencies that are not now employed in the Government? And I would urge you to consider that these are Federal employees; to consider the shortfalls in the Government's own approach here.

The reason I put the questions to the GAO is that there are already indications that the failure to match up efficiency goals with downsizing is producing all kinds of harmful results in the agency. I don't know what the Government is going to look like in 1999 when in effect we have used an opportunistic number.

If that is not the case, once again, I invite OPM to prove that it is not the case. But you were never able to show it before. You were never able to show in the slightest a relationship between efficiency goals and what would happen to these agencies, and so it ought to be with some humility that OPM approaches the notion of whether people ought to be displaced, put out the door, so that the agencies can have the flexibility to hire whoever they want to hire. There ought to be some humility in that, and I don't see it from DOD and I would, in fact, be far more sympathetic to your testimony were we at least dealing with efficiency.

If you said, well, these are hard decisions, we made them, we are letting these employees go or we are buying them out and letting them go because we are trying to build a more efficient Government and this is the price we pay, I submit to you, Mr. Klein, we are paying a price for a pig in a poke.

Nobody knows what kind of Government we are going to have after this is over and, if anything, we need very much the hearing we are going to have tomorrow so that we begin to find out and catch results that were unintended before they set beyond us.

And as to the study by the DOD, the chairman's questions were important there. I wanted to ask you to begin the study tomorrow by having a meeting with the DOD to find out what happened in their program and that a series of meetings with the DOD might

be all the study we need. I can't think of anything better than having had half your work force already go through this.

When I ran EEOC and we were trying to put in place entirely new systems, I said I am not going to do that until we take some parts of the system and try it out first as a model. And so I tried it out with three model offices rather than going to every office throughout the country.

You have tried it out with half the work force and still you want to do a study. I am not sympathetic to you. You have not made the case yet. Perhaps you can. Your placement rate does not give me cause for confidence. Especially when Ms. Disney tells us that their recent average placement rate was 1,000 per month and that they have placed over 100,000 employees.

Now, we are talking increases from 9 to 45. I am not yet impressed. I hope to become more impressed.

On your constituencies, I note for the record, you mentioned students as one of them. I note for the record that when OPM, one of the few agencies already to have done RIF's, thank you very much—Mr. Klein, you have showed us a model of RIF's thus far, when OPM RIF'd, among those that were the very first to go were students. You want to bring in some more students to replace the students that you RIF'd? How do you think those students would feel? You RIF'd students, Mr. Klein, but you want the flexibility to go to the street to hire some more students.

Mr. Klein, that is unacceptable. I would rather you to have retained those students who had begun to get something from their experience at OPM. What you are proposing does not strike me as a rational approach or anything that anybody who had a bottom line and invested in these employees and had to sit down and figure out how much they had invested would come forward with.

Ms. Disney, after testimony that touted your success using mandatory placement with half the Federal work force, you conclude with an oxymoron which says, let OPM do it administratively. Do what administratively? Are you saying they should do a mandatory program administratively?

Ms. DISNEY. I think they should design the program administratively. Part of DOD's success has stemmed from the fact that that is within one single-purpose kind of agency. There are many different units within DOD, but it is all DOD.

When we look at the rest of Federal Government, we find an incredible variety of agencies, some with internal placement programs, some without particularly effective programs in this area, but that is an added element that needs to be factored in the design of the thing.

I don't think we can take DOD's experience and transfer it directly to the other agencies, but we would like to work with OPM and some of the other agencies to help them over the rough spots that we have been over. We have had 29 years to get some of our wrinkles out and the rest of the Federal agencies are not necessarily at the same point as we are.

Ms. NORTON. In those 29 years, have you been doing mandatory placement within DOD?

Ms. DISNEY. Yes, ma'am. Yes, ma'am.

Ms. NORTON. You hear that, Mr. Klein? Almost 30 years of mandatory placement within DOD for OPM to draw.

Mr. KLEIN. I understand. I worked for DOD for 22 of those years also.

Ms. NORTON. You then are an expert in this matter that you have come before us with.

Mr. KLEIN. I might point out though that the DOD's program, to be fair, it is an excellent program and it is probably better than any other agency program, but it is internal to DOD. In other words, they can place people within their work force that they don't place people outside the work force through the PPP. That is what we are talking about here.

Ms. NORTON. Mr. Klein, DOD has a work force so extraordinary in the diversity of its positions that it is awesome indeed. You are a microcosm, not alone of the Federal Government, but the work force of the United States of America, with everybody from blue collar employees to the kind of employees you find at HHS. I submit to you once again, if I had to draw a model, I couldn't find one better than the DOD.

I am unimpressed with the notion that it is internal given the diversity of jobs to be found in the DOD, and I don't understand the reluctance to use this almost 30-year experience and apply it elsewhere.

Just let me say for the record, too, I am tired of DOD being treated differently from other Federal agencies. It is often the case that other agencies either don't get to do what DOD does or doesn't or DOD gets treated in one way and its employees get treated in one way.

DOD did buyouts long before other people did buyouts and when other people were doing RIF's. The Federal Government has got to stop that. That is not right. DOD employees are no different, no better, no worse than anyone else, and OPM, if it is trying to build a more efficient Government, ought to be trying to build these agencies together and not keep this difference that I don't think can be rationalized. I don't understand how it came in the first place, but it is not right.

Is the only reason that you think a mandatory program should be in DOD and not in the rest of the Government, DOD is one large agency? Is there any other reason, you have for why these two, the rest of the Government, ought to be treated differently from DOD?

Mr. KLEIN. I think one of our reviews, one of the issues in our review should be to look at DOD's priority placement program and see if that kind of program could be used in other agencies.

Ms. NORTON. Why haven't you done that? Knowing that RIF's were going to happen, knowing that you were the first to RIF employees, what are you waiting for? You have RIF'ed employees. Other agencies, somehow, imagine themselves, at least they haven't gotten there yet.

What are you waiting for? DOD has been there for 30 years doing mandatory placement within DOD, which is to say, a microcosm of the work force of the United States of America?

Mr. KLEIN. Well, you mentioned OPM. OPM has done an excellent job of placing its employees. We have just looked at the num-

bers and people who were RIF'ed in June. We have now had a career transition of 89 percent of those people for the Washington, DC area, 80 percent nationally.

So these people have found other work, other positions—through our efforts and very few of those through the IPP Program. This is our transition center helping them prepare resumes, take exams to find out where their skills are, helping them, coaching them on presenting themselves. And these people have found jobs in great numbers, and this is only 3 or 4 months.

Ms. NORTON. I congratulate you.

Mr. KLEIN. They are still on severance pay.

Ms. NORTON. I congratulate you and you say they weren't done from the IPP Program. Were most of those people placed outside of the Federal Government?

Mr. KLEIN. About half were placed inside because we found opportunities for them and they sold themselves to jobs that perhaps they wouldn't have qualified for through the IPP program.

Ms. NORTON. Half were placed inside and half were placed outside. The effort it took to do it is much to be complimented, but do you recognize that the Government's investment for those that were placed outside has gone to help private or State and city employees who are now out there?

Thank you very much, Uncle Sam, but understand that those people who went to the outside, competing, I am sure, with a very competitive work force, have been trained, have their knowledge, have much of their experience from the Federal Government. I, for myself, am glad to see them find jobs, but would rather, frankly, have our investment reinvested here.

How many of our employees does OPM anticipate will have to be RIF'd in fiscal year 1995?

Mr. KLEIN. We have been unable to get any specific numbers from agencies. GAO mentioned that five agencies, I believe, have indicated to them that they may have to have RIF's. I think that is contingent on how well this buyout effort goes. The people we have talked to are uncertain at this point as to how effective that might be. We think there will be very few.

Ms. NORTON. How was the GAO able to find out there were five agencies who say they will be RIF'd and you don't know it yet?

Mr. KLEIN. The GAO, when they discuss these issues with agencies, do that on the basis of an unofficial inquiry. We have been working closely with agencies and trying to help them through this effort, to develop their plans to inform their employees, and those issues just haven't come to a solid conclusion yet. I don't think these agencies know themselves how many they might have to RIF.

Ms. NORTON. When will you know?

Mr. KLEIN. I think we will know in the next couple of months. We expect a major effort in the buyout business to be in October and November. I think that is going to tell us an awful lot as to how successful this will be.

Ms. NORTON. Mr. Klein, I asked when will you know and what you know about the agencies. Frankly, based on our experience dealing with OPM—the chairman may remember that we had conversations.

In the beginning of all this buyout legislation, we had OPM in because OPM was going to RIF and we tried our best to see if there was something we could do about OPM's RIF's, and it turned out there was not a lot we could do, and that there were planning and management implications in the need to RIF, and we understood the fact that the other agencies weren't using OPM, but it did seem that OPM suffered from advance managing problems and that it was at least a contributing cause to the need to RIF.

Therefore, when you are telling me you don't know a single agency that is going to RIF or you all have just talked and you haven't gotten to that subject, you can imagine that I am a little nervous, given the experience of OPM itself with RIF's.

Mr. KLEIN. I think we will know in the next few months which agencies will need a RIF and how much, but looking at the numbers, the 272,900, whatever that number is, so far 80,000 of that has been achieved and we expect another 40 or 50 with the buyouts. That would leave about 140,000 for the next 5 years.

If attrition runs at 5 percent, it will be five times that number. So we are hoping that with the buyout, that we have been able to, with your assistance, pass that bill. We think we can avoid RIF's to the maximum extent, perhaps except for DOD and their base closing.

Ms. NORTON. You think we may avoid RIF's altogether?

Mr. KLEIN. I hope so. That is our hope.

Ms. NORTON. Is OPM prepared to recommend more buyout authority if needed to avoid RIF's?

Mr. KLEIN. Not at this point. We think the buyout—if we keep the buyout targeted for May—I am sorry, for March 31, we will have a maximum number of takers by that time and additional buyouts will be unneeded.

Ms. NORTON. Should RIF's become necessary, would OPM prefer to see buyouts?

Mr. KLEIN. Probably.

Ms. NORTON. Thank you. Mr. Chairman, I have other questions, but I would like to move on to the—

Mr. MCCLOSKEY. Thank you, Ms. Norton.

Mrs. Morella, welcome again.

Mrs. MORELLA. Thank you very much. I want to thank Congresswoman Norton for introducing this bill. I think it is important that we look at what we can do for establishing a plan. I think the bill does deserve attention and Federal employees would certainly feel more secure and confident if we had legislation like this in place.

Also, some of the questions I would like to ask you may not be entirely on placement of RIF'd employees, but also about RIF's, downsizing, et cetera. Many of them come from my conversations with constituents about questions they have and I do also.

For instance, in October 1993, OPM director Jim King was quoted as saying, "The tree of Government will be pruned. I suspect both deadwood and live will fall to the base, but we are pruning the entire orchard to have a better crop next year."

Indeed, in OPM this has been done both by buyouts and by RIF's, and I understand that in the most part, buyouts are more cost effective than RIF's. We have had that discussion. Tomorrow we will see how the buyout situation is working.

The investigative staff, generally employees of lower grade and less years in service, were RIF'd. What was the reason that they weren't offered buyouts first? Under the scenario of H.R. 4719, doesn't it obligate the Government to find these people other jobs? And I just wondered, were you able to place these employees? How many? And, where were they placed?

Mr. KLEIN. Yes. In fact, I have some data on the number of the investigators we have been able to place. Of course, these were mainly young people who had very little seniority and very little severance pay so that the buyout, being the lesser of severance pay or \$25,000, would have provided very little for them.

Mrs. MORELLA. The RIF was less expensive.

Mr. KLEIN. I think most of them would have preferred to find another position rather than taking the buyout, which would have prevented them from coming back into the Federal service. But some of the numbers here—among our investigators, we have had an 89 percent placement rate in the Washington area. Four have not yet been placed; 32 have. I don't have the nationwide figures, but it is similar. It is about 80 percent placement. We were fortunate. These were bright young people who were sought after by other agencies.

I think you have all made that point that the kind of people we want to keep in the Federal service, and they have been, by and large, these types of people, picked up by other agencies or State governments or what have you. So we have been pleased with that effort.

Mrs. MORELLA. So you have been able to place 80 percent?

Mr. KLEIN. Eighty-nine percent in 4 months.

Mrs. MORELLA. And some in State Government, others in other areas?

Mr. KLEIN. In fact, the people that were just given RIF notices in the last month, there was a second round, already about 70 percent of those have been placed. So we are moving very rapidly. We have one counselor for every 10 employees to help them prepare their resumes, coach them, show them how to present themselves, how to find these jobs.

We have an excellent job bank now that we have been working on for the last year that presents all the jobs in the Federal service. We are now working with State governments to get their jobs in there so we can have a wide variety of positions available for our people.

Mrs. MORELLA. It would be very helpful if you continue to update us on those statistics as you move along.

Mr. KLEIN. I will.

Mrs. MORELLA. And also, GAO when they presented their testimony in the first panel, stated that according to OPM, between the interagency placement program's inception and September 16 of this year, from an inventory of 2,729 registrants, agencies made 204 job offers, resulting in 154 declinations, declines, and 50 placements.

Mr. KLEIN. Yes, that is correct.

Mrs. MORELLA. Now, that sounds like it might have been a pretty expensive proposition. Was that disappointing to you? How

many hours would it take to place those 50 employees? I am curious about what the bottom-line cost is.

Mr. KLEIN. It is a dilemma. It is one I have been concerned about for some time in that we run two programs concurrently. We run the Defense Outplacement Referral System with DOD, and that is a voluntary system and we get very high placement rates because we present them to agencies saying, here are excellent people, would you like to employ one of them? And they do. They do, and in large numbers, 335 compared to 50 placements with a forced placement program, and that tells me something about human psychology.

People who grew up in a bureaucratic structure can find ways around things no matter what we do. If we present them with good people, they tend to hire them.

I think what we need to do is look at the combination of these two systems and spread them as far as we can, make them as efficient as we can to get the majority of our people placed. I don't know whether that is going to be forced or voluntary. I am open on that, but I think we really need to get the players together and look at that and see what we might do most efficiently and present a plan that we think will work.

Mrs. MORELLA. You can't be happy with those statistics though at this point.

Mr. KLEIN. I am not happy particularly with the 150 declinations. We have made the offers.

Mrs. MORELLA. With your range and—

Mr. KLEIN. One of the difficulties with our current list of people on our IPP Program is that over half of them are blue collar. Those are just not occupations available in other agencies.

Mrs. MORELLA. Again, we can question some of that, but going on to another question too. It appears that the DOD, the Department of Defense, has been quite successful, as we mentioned, in their downsizing of the agency and the placement of displaced employees.

Didn't DOD first offer buyouts and then resort to RIF's? I wondered, is OPM planning more buyouts? Will buyouts be offered prior to RIF's? I am also curious about what the OPM budget for buyouts is for 1994 and how much is remaining.

Mr. KLEIN. Are you speaking of OPM as an agency or—

Mrs. MORELLA. Right.

Mr. KLEIN. As an agency, yes, we are now accepting buyouts, buyout applications from our employees, and we have tried to manage that so that we are not losing people in programs that are continuing or expanding.

For example, they are not being offered to employees in our retirement claims area because that work is growing, as you might imagine with the buyouts and the work that is going on in Government today. In the hiring and placement and downsizing business, my area, my employees are not offered buyouts because we need them all.

In other programs, they are being offered. I believe that the current budget for buyouts at the end of this year is \$500,000 for fiscal 1994. I am not aware of what it is for 1995.

Mrs. MORELLA. Will you have any left of that and can it be used, or what do you do?

Mr. KLEIN. Yes. We are accepting all the employees in occupations we have identified as being occupations where we could use some fewer people, but we are not offering it in areas where we believe we are stable or growing.

I think that is the kind of thing we want agencies to do, to use some judgment in where they offer these so that we don't lose employees in critical areas and then need to go out and rehire after we have paid \$25,000 in retirement annuities to people who leave.

Mrs. MORELLA. If money is left at the end of 1994, can it apply to buyouts for 1995?

Mr. KLEIN. No. Appropriated monies not used in 1994 lapse so they would not be available for 1995.

Mrs. MORELLA. So it would lapse?

Mr. KLEIN. But I don't think that is a concern in OPM at this point, the number of dollars to use for our own internal buyouts. I think we can pay for the buyouts that employees wish to take.

Mrs. MORELLA. How much did the RIF's cost OPM?

Mr. KLEIN. I am not aware of that figure. I can provide that to you.

Mrs. MORELLA. That would be very helpful.

I was looking at and juggling a lot of pages over here; the fact is that we have the Federal Job Opportunities Listing [FJOL], and I noted one where—the listing came out on August 29, and it is for a specialist. I think the range of time was like 1 week, from August 17 to August 30. Now, if this comes out on August 29, on August 17 to August 30, that is actually only one example.

Mr. KLEIN. We update them every night so they are available on our telephone systems and our computer bulletin boards to all employees daily so that any employee who finds out about a position can apply immediately by giving us a call.

Mrs. MORELLA. They would have to find out from giving you a call because obviously this is not going to be helping them in terms of lack of timeliness.

Mr. KLEIN. We are trying—actually a piece of paper is not a very efficient way to inform people, we found. It is just the distribution of that paper takes weeks throughout the bureaucracy, and we are trying to move to electronic means so that people can pick up the phone at their desk and find out about where the positions are in Government and hopefully outside Government, if we get to that point.

Mrs. MORELLA. Do they know that now?

Mr. KLEIN. We have given them an awful lot of publicity; yes, we have.

Mrs. MORELLA. I have other questions. We will submit them to you for responses dealing with this and some peripheral concerns. Thank you.

Ms. NORTON [presiding]. Thank you very much, Ms. Morella.

Mr. Klein, you indicate in your testimony, and I am reading now, OPM will go further than this study and propose an implementation plan for the optimum interagency placement program.

Mr. KLEIN. Yes, ma'am.

Ms. NORTON. That would seem to indicate that you think such a program is appropriate.

Mr. KLEIN. Yes. We believe that the current group of systems we have for job information, voluntary systems, mandatory systems, are not as efficient as they might be, and I think we really need to look at that whole plethora of programs and systems and say how can we pull this together to make it as absolutely efficient as possible.

I have an absolutely open mind as to whether this would be mandatory or voluntary or some other system, but I think we need to come up with more than just a feasibility plan of saying, here is the plan we think will work best.

Ms. NORTON. Well now, in other words, you are talking about an optimum interagency placement plan—

Mr. KLEIN. That is correct.

Ms. NORTON [continuing]. Implementation without regard to whether it is mandatory or not?

Mr. KLEIN. That is correct. Yes, I am open on that.

Ms. NORTON. What was the breakdown of the OPM RIFs by race and sex, disability, and students?

Mr. KLEIN. I am not sure I have this information with me. I can provide that to you.

Ms. NORTON. I appreciate it.

[The information referred to follows:]

Office of Personnel Management Reduction-In-Force: May, 1994Sex

Women: 61.1%

Men: 38.9%

Race

American Indian:

Women: .3%

Asian Pacific Islanders:

Women: 1.0%

Men: .5%

Black:

Women: 13.4%

Men: 4.7%

Hispanic:

Women: 3.4%

Men: 3.2%

White:

Women: 43.0%

Men: 30.5%

Office of Personnel Management Reduction-In-Force: September, 1994Sex

Women: 67.3%

Men: 32.7%

Race

American Indian:

Men: 1.7%

Asian Pacific Islander:

Women: 5.2%

Black:

Women: 50.0%

Men: 17.2%

Hispanic:

Men: 1.7%

White:

Women: 12.1%

Men: 12.1%

Ms. NORTON. What do you make of Ms. Disney's testimony that 99 percent of the DOD supervisors that were satisfied—that is 99 percent now—said that they were satisfied with their mandatory placements and that 89 percent reported that the employees placed with the program were better qualified than employees referred from outside sources? What do you make of those figures, Mr. Klein?

Mr. KLEIN. That doesn't surprise me at all. I would expect that. As you mentioned, DOD has excellent employees. They have people who know their systems.

Ms. NORTON. How about the rest of the Federal Government?

Mr. KLEIN. I think the same would be said by other agencies in terms of placing their own employees internally. I am not sure what either of these groups of agencies would say, but I would assume it would be fairly positive, about employees coming in from other agencies.

Ms. NORTON. Mr. Klein, let's get this straight once and for all. The DOD is not an agency located someplace.

Mr. KLEIN. They are all over the Nation.

Ms. NORTON. The DOD are hundreds of facilities located throughout the United States. For all intents and purposes, the DOD is like a multinational company with facilities in many jurisdictions. So that when you say that they are placing their own employees, you are really talking about a fix. There is no relationship between a supervisor who hires somebody in one of your facilities and a supervisor who hires somebody in another facility someplace else. They don't meet together. Their facilities may have very different cultures.

I don't know what you are talking about when you continue to offer testimony as if DOD was somehow located someplace and these employees simply got exchanged within this place. You know that is not the case, and I don't understand the distinction; therefore, you are drawing between DOD employees and the employees of the rest of the Federal Government, and I would like you to explain that distinction, because I see no distinction between a computer operator that goes from the EEOC to the HHS and a computer operator that goes from one facility of DOD to another facility of DOD. I want you to tell me why those four employees I have named are not exactly in the same position.

Mr. KLEIN. I think it is a mixture. You know, there are certainly occupations that are what we call common occupations among agencies, and you hit on one, computer specialist. Another one might be personnel specialist or finance people. They certainly would be very fungible across agencies.

There are other programs, and I think they are probably the majority of employees in most agencies that are working in their program areas. For example, if someone who worked with the supply system of the Defense Department was moving to another base and knew their system, they could pick up on that far more readily than they could if they moved to OPM or HHS or another agency where we don't have a similar structure.

So I think it is more of a cultural thing that people can accommodate to the organization and the function within a large agency more rapidly than they can in another agency that has an entirely

different kind of culture. I think that is probably what is working there, although—

Ms. NORTON. I think you are talking from no evidence, Mr. Klein, and its notion about cultures and the rest of it is very bothersome, frankly. This is one civil service.

Some people in the civil service work for OPM. Some people in the civil service work for DOD, and these distinctions, without evidence about culture, I don't know what in the world that suggests it is not one civil service and we shouldn't treat it as one civil service is very, very troubling to hear.

Mr. KLEIN. I am speaking from personal experience. I spent 22 years with Defense in eight of their facilities and I have been with OPM for 8 years.

Ms. NORTON. How long did you spend with other Federal agencies with which you are comparing the DOD agencies? I mean, what do you know about the HHS and the EEOC and the State Department that makes you think that they are not fungible in the same way that facilities within DOD would be fungible?

Mr. KLEIN. I haven't worked for other agencies. I worked for a State government, but I saw vast differences there also.

Ms. NORTON. All I am asking is that to the extent that we are drawing these distinctions, that they be documented.

You say in your testimony that some of what needs to be done could be done administratively and other things that need to be done would require statutory changes.

Would you tell us what kinds of things you have in mind in those two categories?

Mr. KLEIN. I believe—I haven't gone through the legal review on this, but I believe most of it can be done administratively, as Dr. Disney mentioned. There may be some things that we could do that we would need statute for. For example, DOD has recently had approved an incentive to place people in the private sector. Perhaps an incentive to move people within the Government would have some utility for us.

I am not sure what our statutory authority would be to prevent an agency from promoting a person internally to take someone from outside. I want to explore that and make sure we are on solid ground there.

Ms. NORTON. Mr. Klein, does OPM have any information or data showing the average cost of recruiting, hiring, and training a new employee, or for that matter, the cost that would be avoided by the placement of a displaced employee with the requisite skills in an agency or in another agency?

Mr. KLEIN. I am sure we have that data somewhere. I don't have it with me, and I can provide that, but many of the noncompetitive appointing authorities that currently exist in our system are very inexpensive to utilize.

In other words, if you have a student working with you to convert them to a permanent appointment, it costs very little. Or if someone is a veteran coming in through an accepted appointing authority, there is very little process that has to go through to bring that veteran on board.

Outside recruiting to the colleges is expensive. Certain kinds of recruiting like that sure can be expensive. But most of the excep-

tions to this program are frankly interagency transfers or merit promotions, and they cost no more than moving someone in from another agency on an IPP.

Ms. NORTON. The reason I am interested, and I appreciate that you said you would give us this information, you are aware, of course, that apparently the major reason we are doing the downsizing is deficit reduction.

Therefore, it is important to keep track of all costs. We would not like hidden costs to come in here because we didn't, for example that we were using a system that we got rid of an employee and that cost us more than if we had used another system.

For example, we have just—in the District of Columbia, which has a budget crisis, the District has finally decided to look at the Federal Government which lives right here and to use buyouts, but in figuring the buyouts, the District has not at least initially taken into account what OPM took into account and what applies even more so to the District, and that is that many of the people they are buying out are retirees and they have a pay-as-you-go retirement plan, and with a pay-as-you-go retirement plan, they literally are transferring significant costs on an annual basis, and so they are not saving the kind of money that they have told us that they are saving.

In the same way, if we decide that we are going to allow new hires to be considered on an absolutely equal basis with people in whom we have invested, surely we have an obligation when we are doing this for deficit reduction in the first place, to figure if it is going to cost us more one way or the other.

So I would ask for those figures. I appreciate your testimony.

Mr. KLEIN. That is certainly something we ought to build into our study too, that perhaps we can do some educating among agencies of the cost of hiring people from various sources, and I think that could go a long way to making the program more efficient also.

Ms. NORTON. Not to worry about your study. Just ask DOD.

On agencies' voluntary programs, or at least your own voluntary program that is being used, when an agency rejects an employee. Who reviews—who, if anyone, reviews that?

Mr. KLEIN. They need to come in to one of our OPM offices and explain what the difficulty is before they can do that.

Ms. NORTON. Under what criteria are rejections reviewed?

Mr. KLEIN. Most of them involve specific experience requirements for the position. For example, if we refer a civil engineer who is building buildings in Department A and the civil engineering position in the Interior Department involved constructing dams, they can make a case that this person does not, even though they are a civil engineer, does not have that kind of background and they could not use them in that position. But that is the kind of thing they need to tell us.

Ms. NORTON. Has OPM ever challenged an agency's rejection on behalf of a qualified displaced employee?

Mr. KLEIN. Yes. Yes, we have.

Ms. NORTON. Can you tell us about that? Give us an example and with what results? What happened when you did that?

Mr. KLEIN. I don't know of a specific case that I can describe to you, but the kind of thing we would do is perhaps say, we don't agree with your judgment that this person couldn't do this job.

We see in their background that they have had experience like that. We believe they meet your criteria, so therefore, you can't get off the hook. You must employ the individual.

Ms. NORTON. Then you require the person to be employed?

Mr. KLEIN. That is correct.

Ms. NORTON. This is relatively rare?

Mr. KLEIN. Relatively rare.

Ms. NORTON. I would think so, given the testimony of Ms. Disney. People seem to find people who, if I may say so, know the culture because they work for the Federal Government; know how it operates.

It may account for why the DOD experience has been so extraordinary. I must say, on this committee we seldom get 99 percent figures or even 89 percent figures of the kind she offered.

Again, the rest of the Government has much to learn from DOD who has had long experience in this, and for that matter, a number of other matters that are now being applied to the rest of the Federal Government.

I have no further questions. I want to thank both of you for really quite indispensable testimony. I also don't have to go to the next vote. It is on final passage where I cannot vote on final passage.

STATEMENTS OF ROBERT M. TOBIAS, PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION AND CHRIS SULLIVAN, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

Ms. NORTON. I would like to call panel three, Mr. Robert Tobias, president of the National Treasury Employees Union, and Mr. Chris Sullivan, legislative director of the National Association of Government Employees. Thank you very much.

Mr. Tobias, good morning.

Mr. TOBIAS. Good morning. On behalf of NTEU, I want to thank you and the committee for holding this extremely important hearing. We, along with you, are very concerned about the need for and consequences of an interagency placement program.

As has been pointed out, the Federal Workforce Restructuring Act of 1994 mandates a reduction of 272,900 employees by 1999. We believe that attrition and buyouts will cover many of the positions, but as you pointed out to the prior panel and to the prior witnesses, OPM has already used RIFs and other agencies are contemplating the use of RIFs. Therefore, the question is whether this talent and ability will be lost to the Federal Government and to those taxpayers who have funded these employees over a period of time, or whether it will be utilized.

We believe that the OPM program that has already been created does not require selections, and as such, is seriously deficient. The evidence is that few employees are placed with this kind of a program.

Now, the critical difference with H.R. 4719 is that a displaced employee would be hired if the agency first attempts to fill the position with an internal placement, the employee is well qualified,

the classifications are similar, and it is within the commuting area. All agencies would participate and all agencies would select using the criteria in the statute.

This approach would provide protection, would provide real protection to external agency candidates, but we are also concerned about qualified internal candidates who are not selected. For example, at the Financial Management Service, which is closing an office in Washington, DC affecting about 125 employees, we have negotiated and created an elaborate procedure for evaluating and considering adversely impacted employees, yet there is no real obligation to select employees on a best qualified list for vacancies in other parts of the agency.

H.R. 4719 would allow FMS to fill vacancies with well-qualified employees from another agency, but reject best qualified employees within FMS. We urge that the bill we amend today require the agencies to select well-qualified internal applicants and then turn its attention to well-qualified displaced employees from anywhere else in the Federal Government before considering external candidates.

We think this kind of an amendment is consistent with the thrust, and that is to utilize the employee skills and abilities in locations and within a culture which can best advance the needs of the agency and the public.

Thank you very much.

Ms. NORTON. Thank you very much, Mr. Tobias.

[The prepared statement of Robert M. Tobias follows:]

PREPARED STATEMENT OF ROBERT M. TOBIAS, PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION

Mr. Chairman and Members of this Subcommittee, thank you for holding this important hearing on H.R. 4719, a bill to establish an interagency placement program for Federal employees affected by reductions in force. As the exclusive representative for 150,000 federal employees nationwide, NTEU is very concerned with the need for and consequences of an interagency placement program.

The Federal Workforce Restructuring Act of 1994 (P.L. 103-226), requires that Federal full time equivalent employment be reduced by 272,900 employees by 1999. Although many of these reductions will take place through buy-outs, it is generally accepted that reduction-in-force may be an unpleasant reality in many of our agencies. Therefore, the question to be addressed is how we can best accommodate these displaced employees so that they can continue to use their valued experience and talent in the federal sector.

It is fairly evident that the current Office of Personnel Management program for displaced federal employees and recent legislative attempts on behalf of displaced federal employees fall short of ensuring that these employees' talents are being utilized in the federal government. The Office of Personnel Management recently implemented a new placement program, Interagency Placement Program (IPP). This program is available to employees who have received a reduction in force notice or have been separated from their positions. An employee who is part of the Interagency Placement Program will receive employment consideration ahead of applicants who have never held a Federal position when a federal agency seeks to fill a vacancy by competitive appointment. Employees will be referred to vacancies for which they qualify at or below the grade from which they were separated. However, an agency has no obligation to hire an employee as part of this program even if that agency deems the employee to be qualified.

Similar programs in the past have failed. On May 6, 1992, Mr. Bernard L. Unger, Director, Federal Human Resource Management Issues, at the General Accounting Office (GAO) testified at a joint hearing of the Subcommittee on Compensation and Employee Benefits and the Subcommittee on Human Resources that federal job placement programs were "not placing a high proportion of registrants in Jobs." In fiscal year 1991, DOD's Priority Placement Program (PPP) placed 5,747 or 23% of

participating employees. In the same fiscal year, OPM reported placing only 58 of over 4,000 registrants.

Although OPM has since launched a new placement program, one essential ingredient remains consistent which may very likely result in the new program's failure. In Mr. Unger's testimony, he attributed the lack of placement in the former OPM program to the fact that agencies that consider registrants from OPM's programs are free to cancel their vacancies or fill them through other competitive or non-competitive means. Under OPM's new Priority Placement Program, agencies continue to be free to reject any qualified employee and hire an outside candidate. Clearly, if these programs are going to have any teeth, federal agencies must bear a greater responsibility to qualified displaced federal employees than simply to consider them without any greater obligation.

Members of Congress recently were made aware of the problem of displaced federal employees. Unfortunately, the most recent attempt to address the issue through the legislative process offered no meaningful solution to the problem. The Defense Authorization Act of 1995 contains a provision that directs OPM, in consultation with the Department of Defense (DOD), to conduct a six-month study to determine the feasibility of establishing an interagency placement program for RIFed employees. During the course of the study, OPM may determine that it is necessary to create an interagency placement program; however, agencies would not be required to participate in such a program. NTEU believes another study in this area is unnecessary and simply prolongs addressing the substantive issue of how to best utilize talented and experienced displaced federal employees.

The Honorable Eleanor Holmes Norton, Chair of the Subcommittee on Compensation and Employee Benefits introduced H.R. 4719 which directs OPM to establish an interagency placement program for Federal employees affected by a reduction in force. This important legislation would require the establishment of an interagency placement program whereby an agency would be required to offer an employee affected by a RIF a position in another agency if (1) the agency first attempted to fill the position through its own placement program; (2) the employee to whom the position is offered is well qualified; (3) the classification and rate of pay is consistent with the last job the displaced employee held and (4) the position is within the commuting area of such employee.

This legislative proposal has many essential features which the current OPM program and prior legislative proposals have lacked. The proposal requires agencies to hire qualified displaced employees and not simply to consider them. Secondly, it appears that agencies will be required to participate in this program and therefore ensure that displaced employees will have every opportunity presented to them.

NTEU has one concern with H.R. 4719. Although the legislation requires that vacant positions in agencies are first offered through an agency's own internal placement program, we are concerned that this alone will not provide sufficient protection for internal applicants. Under current law, federal employees may apply for a job within their own agencies, make the best qualified list and be passed over for an outside candidate.

For example, at the Financial Management Service of the Department of the Treasury there is an elaborate system for applying for vacant positions, but no requirement for FMS to select the best qualified internal applicant even after they have followed this procedure. All vacant positions at FMS, in the bargaining unit, are required to be posted for ten days. FMS appoints a Merit Staffing Panel which uses a job-specific crediting plan to rate all the applicants and place them in one of three categories: (1) Highly Qualified; (2) Well Qualified; (3) Best Qualified. Each factor of the evaluation criteria is evaluated on a scale of 1 to 4 (outstanding, above average, satisfactory, and marginal respectively) based on experience related to the vacant position, training related to the vacant position, awards and current supervisory evaluation criteria.

When points have been assigned to all ranking factors, they will be totaled for each rater. The total scores will then be divided by: the number of ranking factors multiplied by the total number of raters; this number will then be rounded up to one decimal place. All candidates who receive at least three points will be considered highly qualified; all those who receive at least 2 points will be well qualified and all those who receive a score of less than 2 points will be considered qualified. The top three to six candidates will then be selected as the best qualified candidates. The selecting official will review the best qualified candidates and is free to choose any or none of the candidates. If an employee is not selected from the best qualified list, he or she can request a written explanation.

Despite this tremendously elaborate procedure to ensure that only the most qualified people are selected for vacancies at FMS, the selecting official can reject all the internal qualified candidates and choose an outside candidate. These elaborate pro-

cedures are not unique in the federal government and we know of no federal agency which is required to select "well qualified" internal candidates for vacancies.

This present an obvious problem with or without the enactment of H.R. 4719. Talented and experienced federal employees are passed over for vacancy openings on a daily basis. This problem would become intensified if displaced "well qualified" federal employees were guaranteed to fill a vacancy; while "well qualified" internal candidates were turned down for vacancies despite the fact that they were as qualified as or even more qualified than the displaced federal employee. Clearly, this would create a devastating effect on morale within our federal agencies.

The same standard should apply to internal agency candidates before looking to candidates from other agencies. NTEU strongly believes that the bill should be amended to reflect that federal agencies be required to hire "well qualified" internal applicants for vacancies. If the agency is unable to fill that vacant position, it should then determine if there are "well qualified" displaced federal employees. NTEU would be happy to work with this Subcommittee on this provision.

Thank you for allowing NTEU the opportunity to share its views on this legislation.

Ms. NORTON. Mr. Sullivan.

Mr. SULLIVAN. Thank you, Madam Chair. My name is Chris Sullivan. I am the legislative director for the National Association of Government Employees. NAGE is the fourth largest Federal employee union. We are an affiliate of the Service Employees International Union, the fourth largest union in the AFL-CIO.

We are pleased to appear here today, to present our views, and endorse H.R. 4719. And although he is not here, I would like to thank Chairman McCloskey and yourself, Ms. Norton, for the tremendous efforts that both of you have undertaken for Federal employees during the 103d Congress and beyond.

Regarding a placement system, it is NAGE's contention that there has been a need to have an interagency placement system that works well. There is a need and there will continue to be a need. Your earlier comments, Ms. Norton, stress that increasing numbers of people are being subjected to the downsizing goals of the administration.

So we think that it is very important that, as soon as possible, a workable, intelligent, rational, placement system be put in place.

In preparing for this testimony, I went over some previous NAGE testimony before the Post Office and Civil Service Committee. Ten years ago this September, NAGE, and I am sure the other Federal employee unions, came before a now defunct subcommittee and stressed the need for an interagency placement system, a governmentwide placement system, to capture those employees who were being RIF'd.

Four years ago all of the Federal employee unions and NAGE appeared before the Human Resources Subcommittee, then chaired by Congressman Kanjorski, to advocate a bill in the 101st Congress, which was H.R. 4977, which was an extremely comprehensive bill that would have provided job training, placement, a governmentwide interagency placement system. No luck.

Now, no one disputes that the interagency placement system that OPM has put in place recently has not worked very well. As OPM has said, there have only been 50 placements, and both of you, both you and Congressman McCloskey have identified problems with that system.

I would like to raise another problem that your legislation then addresses. The interagency placement system is not open to ex-

empted service personnel. There are certain exempted service personnel that are virtually competitive service employees.

One good example is civilian technicians in the National Guard. We represent those employees at Andrews Air Force Base and the D.C. National Guard: your constituents. They are civilian technicians. They are in the maintenance and repair of the equipment at Andrews Air Force base.

Because they are dual-status employees, they must retain their position in the National Guard in order to keep their full-time Federal position. They are classified as exempted service personnel. This year's DOD authorization bill is possibly going to cut 10,000 civilian technicians. They would be RIF'd, and they would not be able to avail themselves either of the DOD priority placement system or this system that has been put in by OPM.

Regarding the DOD authorization bill, which both of you have addressed, there is a study in the bill about whether to create an interagency placement system and, if feasible, to implement it. It is our contention that it is not only feasible, it is intelligent personnel policy to create a governmentwide placement system.

No. 1, it is humane. Both of you have addressed that. Number two, it saves the Government money. It reduces recruitment and retention costs, and it is ironic to us that the DOD authorization bill is recommending a study of a placement program since, by all accounts, the DOD placement system has worked fairly well.

Regarding the specific legislation, H.R. 4719, we would like to see it expanded. We understand the genesis of the bill is that OPM wasn't moving to implement an interagency placement system and so Chair Norton has tried to get the ball rolling by requiring them to get moving.

You know, it is evident that administrative solutions, right now they are not moving forward. We would welcome making the bill much more comprehensive in order to make sure that they get the job done which needs to be done as an increasing number of Federal employees are going to be separated.

We would be happy to offer our guidance to do that. I would be happy to answer any questions, and thanks for allowing me to appear today.

[The prepared statement of Mr. Sullivan follows:]

PREPARED STATEMENT OF CHRIS SULLIVAN, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

The National Association of Government Employees [NAGE] is an affiliate of the Service Employees International Union, the fourth largest union in the AFL-CIO. NAGE is the fourth largest federal employee union in the country, representing thousands of federal employees in various agencies, from civilians in the Department of Defense to employees in the Veterans' Administration, the Transportation Department, and the Department of the Interior. We are pleased to appear today to present our views on H.R. 4719 before the Subcommittee on Civil Service. At the outset, we wish to thank you, Mr. Chairman, for your continued interest in the areas of concern to federal employees. We congratulate you on the recent rules that OPM promulgated with respect to temporary employees. Your leadership on this issue advanced the cause for these employees and will ensure their fair treatment. Your efforts are greatly appreciated by the NAGE membership.

As it became clear that the federal government would downsize its workforce, especially in defense agencies, NAGE advocated a comprehensive program of retraining, replacement, and buyout procedures for all workers to minimize the impact of downsizing in the federal government. NAGE appeared numerous times before the Post Office and Civil Service Subcommittees to urge proactive legislation to anticipate

pate changes in the federal employee workforce. NAGE understands that great changes will occur over the next few years as the government struggles to overcome the crushing debt that has accumulated, and reacts to changing world conditions. NAGE looks forward to working to achieve innovative solutions to the challenges that face the federal employee workforce in the years to come. We urge that continued legislative steps be taken to ensure fairness to the individual employees affected by the systemic changes that must occur. A thoughtfully designed interagency placement program is a critical step in this process.

Therefore, NAGE is pleased to endorse H.R. 4719, the "Federal Service Priority Placement Act of 1994." NAGE has long advocated an interagency placement system. In fact, Mr. Chairman, in preparing for this testimony, NAGE reviewed its previous testimony before appropriate committees on federal government retraining programs. On September 13, 1984, over ten years ago, NAGE testified before a Post Office and Civil Service Subcommittee on the need for a "government wide placement register which would provide priority placement in vacant positions for which employees are qualified."

Numerous other occasions afforded us the opportunity to advocate an interagency placement system. On June 28, 1990, for example, NAGE testified in favor of H.R. 4977, a bill introduced in the 101st Congress by Congressman Kanjorski. This proposed legislation would have created a Priority Placement List which would have listed vacancies in all agencies in the federal government. Unfortunately, this comprehensive legislation was not acted upon and waves of downsized defense employees were not able to utilize this common sense idea. NAGE believes that a true interagency placement program, on that will help to relocate RIF'ed employees, is long overdue but still sorely needed.

OPM has recently issued a revised interim regulation to implement the Inter-agency Placement Program, which became activated on December 1, 1993. The changes attempt to automate and centralize OPM's placement program, and increase the period of placement assistance for career conditional employees from 1 year to 2 years, while requiring registrants to update their registration every 6 months to maintain a current placement program inventory. Unfortunately, while the regulation acknowledges that the IPP was not successful in placing excepted service employees, it does nothing to alter this for important groups of excepted service employees, for example civilian technicians in the National Guard. Congresswoman Norton's legislation, H.R. 4719, appears to remedy this situation by including excepted service employees. We applaud her for her insight. This underscores the need for Congress to finally create a comprehensive interagency program.

In addition, Congress has taken some recent action on an interagency placement system, but this action does not go far enough. Last week the Senate cleared by a vote of 80-18 the FY95 Defense Authorization Bill, sending the measure to the President. Earlier, on August 17th, the House approved the Conference Report by a vote of 280-137. The Conference Report requires the Office of Personnel Management [OPM] to study, and if feasible, establish an interagency placement program for employees affected by reductions in force. While the DOD authorization language is an important first step, NAGE clearly prefers the legislation introduced by Delegate Eleanor Holmes Norton, Chair of the Subcommittee on Compensation and Employee Benefits, which would require agencies to offer positions to RIF'ed employees. It is not only feasible; it is merely intelligent personnel policy to create an inter-agency personnel system.

NAGE strongly endorses the efforts of Chair Norton on behalf of federal employees in H.R. 4719. We are especially appreciative of the efforts to provide flexibility in the program. For example, the position required to be offered could be either within the commuting area of the residence of the employee or the employee's present or last held position. This language may help to capture a wider range of affected federal employees.

However, we would like to see some changes in the legislation in order to create the most effective interagency placement program. Employees should be allowed to register for positions higher than their current grade. Due to differences in position classification at different jobs sites, some DOD NAGE employees at Peace Air Force Base in New Hampshire could not apply for identical jobs at other bases because the method of jobs classification resulted in different grades and salaries for the position. Peace Air Force Base was the first base in the country to close following the recommendations of the Base Realignment and Closure Commission. Any interagency placement system that is implemented must take account of the localized differences between positions and provide the greatest flexibility to affected employees. NAGE believes there should still be a requirement to offer a position in a different grade or classification to an employee if the grade or classification difference has arisen because of local conditions.

In addition, NAGE would like to see H.R. 4719 amended to offer guidance to the OPM on the broad parameters of the program where job offers are not required. While we applaud Delegate Norton's insistence on a requirement to offer certain positions to employees, NAGE believes Congress should provide guidance on the portions of the interagency placement program that will assist, but not require, federal employees to locate other positions in the federal government. NAGE believes that in this wider program, federal employees should be even more free to apply for positions outside their grade, classification or commuting area.

An interagency placement system is long overdue. While steps have been taken to study such a system, NAGE believes that the federal government must act quickly to establish such a system to assist RIF'd federal employees. NAGE strongly endorses H.R. 4719, which would establish an interagency placement system and require the placement of federal employees when certain conditions are met. We thank you for the opportunity to appear today to discuss our views, and we are prepared to work with you, Mr. Chairman, to ensure principled treatment of federal employees as the government downsizes.

Mr. MCCLOSKEY. Ms. Norton, do you have further questions or comment?

Ms. NORTON. Just have a few questions. Do either of you represent DOD employees?

Mr. SULLIVAN. We do.

Mr. TOBIAS. We do not.

Ms. NORTON. Mr. Sullivan, do you also represent employees outside of the DOD?

Mr. SULLIVAN. Yes, Ms. Norton. We represent employees in the Veterans' Administration, the Department of Transportation, the Department of the Interior, as well as the bulk of our employees are in the DOD since the bulk of Federal Government employees are in DOD.

Ms. NORTON. Do you believe that there would be difficulty in implementing across non-DOD agency lines the kind of mandatory placement program that DOD now implements across facility lines?

Mr. SULLIVAN. I don't think there would be a problem, and for the following reason, and it is a reason that you brought up earlier: DOD is a very diverse work force. It has tremendous amounts of blue collar workers, white collar workers, it has carpenters, it has painters, as well as very technical computer people. It has engineers.

It really covers almost every job that probably exists in America today. If they can place employees within their agency, as you said, there shouldn't be much problem in placing a GS clerk typist who may lose her job at OPM because of a RIF into HHS.

Ms. NORTON. Have you found in dealing across agency lines that there is a different culture within the DOD than in the rest of the Federal Government?

Mr. SULLIVAN. I have never been a DOD employee. You know, there may be some cultural differences and I am sure we definitely see them in the National Guard, civilian technicians, those employees who straddled the line between their military jobs and their civilian jobs probably would indicate.

But in terms of personnel policy, in terms of placing employees who have been RIF'd in one agency into another agency, I don't think that managing employees would have a great difference in culture. I mean, that is just intelligent personnel policy.

Ms. NORTON. Mr. Tobias and Mr. Sullivan, when employees are displaced or RIF'd, is it still the case that there is likely to be an adverse impact that reflects race and sex?

Mr. TOBIAS. I believe the answer to that is yes. For example, we are involved with two situations which are heading in that direction, one is with Financial Management Service and one is with the Bureau of Public Debt, which is moving from DC to West Virginia.

In both of those situations, the work force, both professional and nonprofessional, but the workforce is probably somewhere between 70 and 80 percent African-Americans. So this is going to have a dramatically adverse impact on those folks who have jobs all across the spectrum from the lowest clerk and in Public Debt, some of those bargaining unit people will be at the grade 13 audit and accounting level. So it will have an adverse impact on both race and gender, both of these will.

Mr. SULLIVAN. I would like to follow up on that. I think Mr. Tobias is exactly right. You know, the policies of the Federal Government in terms of RIF's are last hired, first fired, and I think if you conducted a demographic profile of Federal employees, women and minorities, traditionally disadvantaged groups have tended to be the last hired, and so people who are either, first, higher graded employees, or second, have longer tenure with the Federal Government, would probably, if you ran the demographic profile, overwhelmingly be white male comparatively speaking with the groups that you spoke of.

Secondly, when the Federal Government undergoes a RIF, there are bump and retreat rights. So if there is a RIF, then people can bump down, which again would adversely impact on the people who have been there the least amount of time, and that would overwhelmingly impact women and minorities.

Mr. TOBIAS. That is why the real, the real solution to the problem is to deal with employees by providing them with opportunities and options before the actual RIF notice is issued, because that is when the real adverse impact occurs through the bumping and retreat rights.

So we are attempting, for example, with this FMS situation, to place employees outside of FMS before an actual RIF occurs. We are not having a whole lot of success in doing that.

Ms. NORTON. Is that because of limitations in the rest of the Government?

Mr. TOBIAS. Correct.

Ms. NORTON. If there were a mandatory program in place, do you believe the placement job would be easier for those employees?

Mr. TOBIAS. Without question.

Ms. NORTON. There are room for honest differences in implementing this program, but I find it incredible that the claim would be made by OPM or anybody else that people of color or women would be better off if preference—or they were put in the same position as new hires, given the long history of how the seniority systems work, and of course we—seniority systems work that way for a very good reason, but the notion then to say that you have to accept—you have to accept the adverse impact because of the important value of seniority and at the same time—which is something we all accept.

We understand the difficulty of picking and choosing employees, but and at the same time be no better off than a person who walks in the door when you have been RIF'd for no reason having to do

with your own qualifications or record; that I found incredible. It is the first time I have ever heard anyone say that minorities and women would be better off as a group if new hires stood in the same relationship to the workforce as people that were being RIF'd.

Mr. TOBIAS. I would suggest that those who advocate that be placed in that pool once and experience what it would be like once, and I don't think they would advocate it again.

Ms. NORTON. The color and race and student notions seems to me full of their own weight. The experience is long and clear there. The notion of veterans was raised by OPM, veterans getting a very specific and a very generous preference.

Do you believe that veterans already working for the Government should be treated differently from veterans who walk in the door when it comes to placement?

Mr. TOBIAS. I can't imagine why anyone would want to make that distinction from any point of view. I mean it seems to me that the issue is—and this is what I can't understand—if the Federal Government is viewed as an employer and employees are viewed as valuable assets rather than liabilities, then you look at that asset that you have already invested a great—in which you have already invested a great deal of resources and you try to maximize those resources, and if I can't use them in my arena, why shouldn't I try to use them in an equivalent arena, thereby saving thousands and thousands of dollars of investment?

And if I am saying everybody is treated the same, if I am a veteran here and I am a veteran over there, why wouldn't taxpayers insist that that be the course of action? I don't get it.

Mr. SULLIVAN. I think that is right. I think it applies not only to veterans, but as we were speaking before of the groups that OPM said would make it problematic for them to have this system, you know, women and minorities, I think if you want to look at labels and say, well, we are going to have trouble with placing veterans from outside the system because there are veterans inside the system, you are putting labels on people.

You know, you are labeling them as women or minorities or veterans and not taking into account that the veteran who has been working for the Federal Government has invested a tremendous amount of money and resources and training and that person has produced valuable outputs for the Department of Defense or the Department of Transportation or wherever he is working.

I think it is probably time to move beyond looking at people as labels and looking at the assets that they can provide to the Government to accomplish its mission.

Ms. NORTON. Again, as I indicated earlier, the Chairman had made reference to a group, namely the group of Federal employees who as a group, as you indicate, a group in whom we have invested, ought to also be considered along with other groups, we ought to also say for the record that a veteran could be RIF'd. A veteran of course has some special status, even in RIF's, but there is no question that given OPM's testimony, we could well have the notion where a veteran is RIF'd or bumped down and placed in the same position as a veteran who walks in the door, and given two equal sets of veterans, it is no contest.

Mr. TOBIAS. Shouldn't be.

Ms. NORTON. And I agree with you that we should not, in order to make a point, set these groups apart, especially when you use something as fallacious as the notion that women and minorities would be better off on a last hired, first fired basis, being compared with new hires.

One more question. Have you ever had any experience with OPM taking up the cause an employee, or an employee, I should say, was not hired by an agency when that displaced employee sought to be hired by a new agency?

Mr. TOBIAS. No.

Mr. SULLIVAN. I am not aware of any. That doesn't mean it hasn't happened, but I am not aware of it.

Mr. TOBIAS. Neither am I.

Ms. NORTON. Do employees ask OPM to help them when that has happened?

Mr. TOBIAS. My experience is—

Ms. NORTON. Is OPM seen as a source of help?

Mr. TOBIAS. No. No. OPM is not seen as an advocate.

Ms. NORTON. Thank you very much, Mr. Chairman.

Mr. MCCLOSKEY. Thank you, Ms. Norton. I appreciate your time chairing also.

I am going to be fairly brief. I guess basically, both you good witnesses are 100 percent in approval and endorsement of this legislation. I notice that NAGE talks about the ability to register for positions hired in their current grade.

Do you want to make a brief additional comment on that?

Mr. SULLIVAN. Sure, I will give one example and then extrapolate from it. Two years ago there was a hearing in the Post Office Civil Service Committee about what sort of steps should be taken for RIF'd employees, and we brought in our local president at Pease Air Force Base in New Hampshire which was the first base to close.

Under the DOD priority placement program, they were successful in placing many of the employees. There were very few RIF's that happened at Pease Air Force Base. One of the problems that they had, though, was placing employees, and one specific example was there was a clerk typist at Pease Air Force Base who was a GS-5, and they were going to try to place her in a clerk typist job in Fort Devens, MA.

However, because the local conditions or classification appeals, the clerk typist position that she wanted to register for at Fort Devens was a GS-6. The DOD Placement Priority Placement Program, I am informed by the local president up there, didn't allow the person to register for the job because it was a different rate of pay or a different classification.

Our contention then would be to make sure you design a program that takes, you know, account of local situations so that if it is the same job, even though it is described differently and therefore classified differently, that if you want to design a program that has as much flexibility for the assets, the employees as possible, so that DOD, in this case, Fort Devens, could have taken advantage of that situation.

Mr. MCCLOSKEY. And also, Mr. Tobias, I am sorry for missing your testimony. Evidently you point out that there are instances

where a well-qualified individual within the agency is passed over, and I guess you would suggest some of the legislation be amended to handle that?

Mr. TOBIAS. I do. I strongly urge that. I strongly support that position. I pointed out that we have this live example in FMS, which is about to lose about 125 financial managers—which is about to lose 125 people here in the District of Columbia, and we are not in a RIF situation yet, but we are—they are going to close the facility.

We know it is going to be closed, so we are trying to place these folks in other agencies, and we can't place them, and yet at the same time in other portions of FMS, people are being hired from the street.

Mr. McCLOSKEY. Could either of you comment on Mr. Klein's suggestion for a study and the time factor involved? We are about halfway through this downsizing process in numbers and it would be another 6 months before we see the results of the study, which I think, as Ms. Norton said, could be done in 2 or 3 days.

Mr. TOBIAS. Well, Mr. Chairman, when you had left, Congresswoman Norton made a comment—

Mr. McCLOSKEY. When I was gone, OK.

Mr. TOBIAS. Made a comment on that study and she stated that it was incredulous to her why another study was needed since we had 30 years of proven effort in the Department of Defense and all we needed to do was apply that to the rest of Government, and I agree with her 100 percent. There is no need to study anything anymore. The data is there.

Mr. McCLOSKEY. Maybe this is a throwaway question. You don't have to answer it, very subjective, but what do you think it is they fear in this seemingly straightforward legislation?

Mr. TOBIAS. You know, I think it is this idea that a resistance to legislation, a resistance to rules, a maximum ability to do whatever they want to do when they want to do it, so I would characterize it as the opportunity, want to preserve the opportunity to be arbitrary and capricious.

Mr. McCLOSKEY. That is well said. I really don't have any other questions.

Ms. Norton.

Well, thank you very much, gentlemen. We appreciate it and look forward to continue working with you.

STATEMENTS OF BRUCE L. MOYER, EXECUTIVE DIRECTOR, FEDERAL MANAGERS ASSOCIATION AND CAROL A. BONOSARO, PRESIDENT, SENIOR EXECUTIVE ASSOCIATION

Mr. McCLOSKEY. Our concluding panel, hopefully concluded in time for me to get a ham sandwich before 1 o'clock, not to be arbitrary and capricious, is Mr. Bruce L. Moyer, executive director of the Federal Managers Association, a good friend, and another good friend, Carol Bonosaro, president of the Senior Executive Association.

Bruce and Carol, welcome. As you know, your statements are accepted for the record and appreciate your input and proceed as you like.

Mr. MOYER. Thank you very much, Mr. Chairman. It is a pleasure to be with you this afternoon for this hearing. I would like to first begin by thanking you especially for holding this hearing on this very important subject and additionally to thank Chairwoman Norton for her sponsorship and introduction of this significant piece of legislation.

I would like to depart from the written statement that we have submitted and offer several observations in light of the testimony that you have received this morning. I might begin by noting the context of the testimony that the Federal Managers Association offers.

We, as you know, are an association of supervisors and managers throughout the Federal Government. We have been around for over 80 years as an organization, the largest management association in the Government. Seventy-five percent of our members are in the Department of Defense. They have experienced and benefited from the priority placement program that has existed within DOD, and I would like to take this special opportunity to provide to you strong affirmation for the survey results you have received from the Department of Defense this morning that suggested that 99 percent of the supervisors within the Defense Department have been pleased with the results of the program.

Our members in their experience, both in accepting qualified displaced employees from throughout the Department, as well in receiving the benefits of priority placement due to RIF, have been very pleased with this program and the extent to which it truly is a model for replication elsewhere in the Government.

The only vein of criticism that exists is to the limitation in the current program that does not extend mandatory placement to non-DOD agencies.

The experience of the Philadelphia Naval Shipyard, for example, comes to mind, where there is an inadequate number of vacancies in DOD in that geographic area. This is causing great strain upon the ability to place RIF'd employees at that shipyard in other DOD positions in that geographic area and vacancies arising in a number of other Federal agencies in that New York, New Jersey, Pennsylvania, Delaware corridor. This expansion of openings could help to provide a greater work force balance for the Federal Government and assure that the skills and the knowledge base that those employees at the shipyard offer to the Federal Government could be effectively transplanted in other Federal agencies.

This is the most important part about this bill, requiring placement across agency lines before those agencies could go outside the Federal Government to hire.

This legislation in no way preempts or co-ops an agency's discretion to be able to promote from within. It simply says this about who the Federal Government is as an employer: First of all, the Federal Government is a model employer in the sense that it is a humane employer and a progressive employer.

Second, it recognizes that people are the most important resources to the institution of Government, its employees, and that it has invested in that human capital, as has been suggested several times this morning.

Third, as we look ahead to the kind of work force the Federal Government needs to have in the next century, it needs to have a multiskilled work force. It needs to have a diverse work force. It needs to have one in which an employee can more easily move from the Department of Veterans' Affairs to the Social Security Administration tomorrow than it did yesterday. That is the trend in which we are moving, multiskilling, diversification. This legislation advances that concept.

Finally, this legislation says about the Federal Government that we want to preserve the gains in diversity that we have accomplished over the last 20 years, not lose them. We want to not leave it to the winds of chance.

Two more points. This program is not the end-all and the be-all with regard to work force restructuring. Certainly the kinds of initiatives that OPM has suggested with regard to transitional assistance and counseling should be applauded and expanded.

This is but one more tool in the arsenal of tools, in addition to buyouts, in addition to voluntary early retirement authority, that are going to be able to assure that we get over this period of challenge the Federal Government faces in reducing the size of its work force by nearly 300,000 positions over the next 5 years.

In fact, the Department of Defense again has extended considerable resource and commitment to the creation of transitional assistance centers at all of the facilities that are undergoing closure or realignment.

The last point would be this in terms of the scenario in which we envision this legislation being implemented. That is, that it essentially consists of two components, an agency-based component and a Governmentwide component in which the agency would first be required to establish a positive placement program to enroll employees adversely affected by a RIF and would capture vacancies on a real time basis prior to commencing recruitment from outside.

Second, that the Governmentwide component would extend those agency programs into a network in which vacancies resulting elsewhere would become available, so that you go through really first whether you have a vacancy arising agencywide, then Governmentwide by region and then Governmentwide nationally.

That concludes my comments. I would like to mention that our support for this legislation is certainly joined not only by the parties before you this morning, but also in conversations that the Federal Managers Association and other organizations have had with the Federal employee unions, including the American Federation of Government Employees, with John Sturdivant. Their support has been strong for this initiative, as well as the many groups represented through the Coalition for Effective Change, 25 organizations embodied in that federation as well.

Thank you.

Mr. McCLOSKEY. Thank you for excellent testimony, Mr. Moyer. [The prepared statement of Mr. Moyer follows:]

PREPARED STATEMENT OF BRUCE L. MOYER, EXECUTIVE DIRECTOR, FEDERAL MANAGERS ASSOCIATION

My name is Bruce L. Moyer and I am the Executive Director of the Federal Managers Association. I want to thank you for the opportunity to appear before you this morning to offer testimony on H.R. 4719, the Federal Service Priority Placement

Program Act of 1994, legislation introduced by Delegate Eleanor Holmes Norton to expand the successful DoD Priority Placement Program government-wide.

The Federal Managers Association is the largest Federal professional management association, representing the interests of over 200,000 Federal managers and supervisors throughout the Federal Government. Out of all the groups who are testifying today, I believe that the people we represent have been and will continue to be the most profoundly affected by the 272,900 position draw down of the Civil Service called for by the Federal Workforce Restructuring Act (P.L. 103-226).

Mr. Chairman, I would like to begin by thanking the Chair of the Compensation and Employee Benefits Subcommittee, Delegate Norton, for introducing H.R. 4719. I would also like to thank Senator Frank Lautenberg for introducing S. 2190 and for his work in including a provision in the 1995 Department of Defense Authorization requiring the Office of Personnel Management to conduct a six month study of the feasibility of expanding DoD's PPP government-wide. H.R. 4719 and S. 2190 truly recognize that Federal employees are our government's greatest resource. Employees who have faithfully served their government and accumulated invaluable knowledge and experience should not be put on the street if there are government jobs available for which they are qualified.

The Federal Workforce Restructuring Act calls for the elimination of 272,900 Civil Service positions by the end of fiscal year 1999. Many of this number will come from the ranks of managers and supervisors. As part of this downsizing, the span of control for managers and supervisors will double over the next five years from the current government average of 1 supervisor for every 7 employees to the proposed 1 supervisor for every 15 workers. In this environment, the skills and knowledge of experienced government workers become even more invaluable. Without the enactment of H.R. 4719, 113,000 Federal workers will face downsizing without the benefit of priority placement.

Now that the size of the Federal workforce must be reduced by 12% before the end of fiscal year 1999, the need to place valuable government employees clearly outweighs the need for management flexibility in choosing job candidates. FMA strongly endorses the idea of mandatory interagency placements.

In carrying out a reduction that will take the DoD from almost a million employees in 1993 to 716,073 employees in 2001, ten DoD employees have left voluntarily in fiscal year 1994 for every one that had to be laid off. So far this year, 30,000 DoD employees have taken buyouts and 3,000 DoD employees have been RIF'd. DoD was able to achieve this favorable result because the base closure process encourages employees to accept buyouts and because of the success of DoD's priority placement program.

Since its creation in 1965, the DoD's PPP has successfully placed 100,000 employees elsewhere in the Department. The PPP is an electronic system that provides personnel offices with lists of job candidates who are scheduled to be RIF'd. DoD agencies that are competitively filing open positions must consult this list and offer jobs to qualified candidates. The capability exists today to quickly expand this system to facilitate interagency placement of employees scheduled to be RIF'd. FMA believes that an expansion of DoD's PPP government-wide is required in order to avoid major lay-offs over the next 5 years.

H.R. 4719 would require the establishment of a system to coordinate agency placement programs. Under the bill, positions that cannot be filled through internal placements would then be made available to other agencies. Candidates that are qualified, of the same grade as the open position and live within commuting distance would automatically be offered the open job. These provisions provide adequate safeguards to insure that mandatory interagency placements do not interfere with internal promotions.

FMA fully supports H.R. 4719 but suggests that the bill needs to place more emphasis on requiring agencies to create their own mandatory internal placement programs. An agency should first try to place its own employees internally before putting them on a list for placement in other agencies.

In conclusion Mr. Chairman, I want to thank you again for inviting me here to testify today. In the interest of retaining the talents of experienced government workers, it is FMA's strong desire to see timely congressional action on H.R. 4719. In this regard, FMA stands ready to work with the Congress to make government-wide priority placement a reality.

Mr. McCLOSKEY. Miss Bonosaro, welcome again.

Ms. BONOSARO. Thank you, Mr. Chairman, for the opportunity to present SEA's views. We wish to join others in commending Representative Norton for introducing H.R. 4719.

We strongly and unequivocally support priority placement for Federal employees who are affected by a RIF. We believe there is no reason why an agency should make a job offer to an applicant from outside of Government when qualified Federal employees, through no fault of their own, lose their jobs due to RIF's.

We think that priority placement is a humane and progressive policy which importantly will also uphold the morale of those employees left behind when they see their colleagues are being treated in a humane way. Given SEA's experience with a similar placement program for career members of the Senior Executive Service, and with executive interagency mobility efforts generally, however, I would like to alert the subcommittee to the problems which may arise in the implementation of the priority placement program which we believe to be effective requires firm direction and strong oversight.

A senior executive who is RIF'd and whose agency cannot place that employee in a vacant position is entitled to priority placement assistance from OPM. That process is a stringent one. It requires, for example, an agency head to provide written certification that a SES'er is not qualified if he or she has been referred to a vacancy in that agency and the agency chooses not to select them. Nonetheless, that effort has seldom been successful at placing senior executives, and that is true for the same reasons that interagency mobility has been very low.

There are several factors which figure in, but chief among them that I would like to point out to you are the ways in which agencies have discouraged interagency transfers. They have included developing highly specialized narrow and program specific qualifications, requirements for vacancies, which tend to exclude candidates from other agencies from consideration, viewing executives applying for positions from other agencies, particularly those who apply as the result of a RIF, viewing them negatively as turkeys or rejects, irrespective of their qualifications or accomplishments. That has especially been true where OPM has been involved in the placement efforts, distrusting performance ratings from other agencies.

I would suggest that those same attitudes are likely to be operative with regard to a general interagency placement program, though perhaps to a lesser degree as one descends down the career ladder where there are more positions and it is viewed as a little less critical perhaps by the agency.

We think that the bill's requirement that the employee to whom the offer be made is well qualified is critical to ensure the program's success. An agency's suspicion of candidates, the quality of candidates referred for placement by OPM is often groundless. Nonetheless, the well-qualified requirement will lend strong credibility to the candidates and I think encourage greater receptivity of them by agencies with vacancies.

To further ensure overcoming agencies' natural inclination to resist accepting candidates for placement, however, SEA recommends that the bill require OPM to monitor the placement effort, to assure, for example, that positions are classified correctly and qualifications are set appropriately. OPM oversight would also be enhanced I think by a requirement to report outcomes to the Post Office and Civil Service Committee monthly.

Apart from the need for firm direction and strong oversight, we have several other recommendations with regard to the bill. First, we believe that you should require the governmentwide interagency placement program to be established no later than 90 days after the date of enactment, given the fact that RIF's may well be conducted early in 1995 and we are confident that a deadline of that sort can be met with the can-do leadership that Director Jim King has exhibited at OPM.

Second, we recommend that each employee covered by the bill be given the option to accept an offer less than his or her basic rate of pay of their last held position if he or she has not been placed after 6 months. We do believe every effort can and should be made to match the employee's last rate of pay, as the bill currently requires, but some employees may prefer to consider a position at a lower rate rather than to remain unemployed and without adequate financial resources.

Third, we recommend the subcommittee consider setting an expiration date of 1 year for priority placement efforts for those already separated from Federal service. We think it is likely that employees will have found employment within 1 year, within the Federal or private sector, as well as be inclined to pursue job searches diligently in light of the 1-year deadline and likewise, OPM and the agencies will not be faced with an ever-increasing pool of candidates with whom to maintain contact. I think also that may provide some incentive for OPM and the agencies to be successful within that year.

Finally, and perhaps especially important from our perspective, the legislation should specify the exemption of the Senior Executive Service whose placement program is mandated under separate statute in the circumstance of a RIF from this bill. I would be pleased to answer any questions.

Thank you.

Mr. MCCLOSKEY. Thank you, Carol, also for excellent testimony. [The prepared statement of Ms. Bonosaro follows:]

PREPARED STATEMENT OF CAROL A. BONOSARO, PRESIDENT, SENIOR EXECUTIVE ASSOCIATION

Thank you, Mr. Chairman, for the opportunity to present the Senior Executives Association's [SEA] views with respect to H.R. 4719, which directs the establishment of an interagency placement program for federal employees affected by reductions in force. At the outset, we wish to commend Representative Norton for introducing this bill, particularly given the likelihood that RIF's will be conducted to achieve the agency downsizing goals set forth by the President and Congress.

SEA strongly and unequivocally supports priority placement for federal employees affected by a RIF. There is no reason why an agency should make a job offer to an applicant from outside government when qualified federal employees, through no fault of their own, lose their jobs due to RIF's. Giving priority to placement of RIF'ed employees is a humane and progressive policy which will also operate to uphold the morale of those employees not so affected, but who will remain behind to do the agency's work.

Given SEA's experience with a similar placement program for career members of the Senior Executive Service, and with executive interagency mobility efforts generally, however, I would like to alert the subcommittee to the problems which may well arise in the implementation of the priority placement program. As the SES experience has demonstrated, a priority placement program, to be effective, requires firm direction and strong oversight.

A Senior Executive who is RIF'ed, and whose agency cannot place the individual in a vacant SES position, is entitled to priority placement assistance from the Office of Personnel Management [OPM]. This process is a stringent one. Witness the fact

that an agency which declines to place an SES priority candidate in a vacant position to which he/she is referred by OPM must provide written certification by the agency head to OPM that the candidate is not qualified for the position to which referred.

Nevertheless, this effort is seldom successful, for the same reasons that inter-agency mobility among the career SES is very low. In FY 1992, only 58 Senior Executives (or .7% of the SES corps) transferred between agencies. This minuscule number results from many factors, but chief among them are common agency actions—and reactions—which discourage interagency transfers, by developing highly specialized, narrow and program-specific qualifications requirements for vacancies which tend to exclude executives from other agencies from consideration; viewing executives applying for positions from other agencies negatively, as “turkeys,” or “rejects,” or “on the way out,” irrespective of their qualifications or accomplishments. This is especially true where OPM is involved in placement efforts; distrusting performance ratings from other agencies, and providing entry opportunities into the SES for GS 15’s currently employed in the agency, thus creating pressure against bringing in outside candidates.

I would suggest to the subcommittee that these same attitudes are likely to be operative with regard to a general interagency placement program, though perhaps to a lesser degree as one descends the career ladder.

In enumerating the circumstances under which an offer is required, the bill specifies that “the employee to whom the offer is made is well qualified for the offered position.” This provision, in our view, is necessary to ensure the program’s success. While agency suspicion of the quality of candidates referred for placement by OPM is often groundless, the “well qualified” requirement will lend strong credibility to the candidates and will encourage greater receptivity of them by agencies with vacancies.

To further ensure overcoming agencies’ natural inclination to resist accepting candidates for placement, SEA recommends that the bill require OPM to monitor the placement effort to ensure, for example, that positions are classified correctly and qualifications are set appropriately. OPM oversight would be enhanced by a requirement to report outcomes (i.e., successful placements) to the Post Office and Civil Service Committee monthly, along with the number of employees currently carried on the placement roster.

Apart from the need for firm direction and strong oversight, SEA has several other recommendations with regard to the bill. First, H.R. 4719 requires the government-wide interagency placement program to be established “no later than 180 days after the date of enactment.” We believe this is too long a period, given the fact that RIF’s may well be conducted early in 1995. Therefore, we recommend that the bill require the program to be established no later than 90 days following enactment. We are confident that such a deadline can be met with the “can do” leadership of OPM Director Jim King.

Second, we recommend that each employee covered by the bill be given the option to accept an offer less than his or her basic rate of pay of the last held position if he or she has not been placed after six months. While every effort can and should be made to place employees in a position offering a basic rate of pay equal to that of the employee’s last held position, as the bill requires, some employees may prefer to consider a position at a lower rate, rather than to remain unemployed and without adequate financial resources. OPM could contact employees not placed after a period of six months to determine their preference for exercising such an option.

Third, we recommend that priority placement efforts for those already separated from federal service expire one year after their date of separation. Employees will likely have found employment within one year (whether in the federal or private sector), as well as be inclined to pursue job searches diligently in light of the one year deadline. Likewise, OPM and the agencies will not be faced with an ever increasing pool of placement candidates with whom to maintain contact.

Finally, and especially important from our perspective, the legislation should specify the exemption of the Senior Executive Service (whose placement program is managed under separate statute) from this bill.

Mr. McCLOSKEY. I recognize Ms. Norton. I was going to limit that to 5 minutes, but more creatively, I recognize Ms. Norton, who will chair the rest of the committee hearing.

Ms. NORTON [presiding]. Thank you, Mr. Chairman. Appreciate both of your testimony. Ms. Bonosaro and Mr. Moyer, in no small part because in a very real sense, your members are who this downsizing is after first and foremost; not of course personally, but

we are told that it is the fact that we have an excess of managers per employee as compared with the private sector.

Now, that didn't happen because of anything that the employees did. It is the way in which the Federal Government chose to manage itself. So when the Federal Government decides to go the opposite way now, it seems to me that there is some burden on the Federal Government to downsize at least as fairly as it recruited these managers and invested in these managers, so I have listened closely to what you have to say.

Now, I was interested in this notion that some of these employees are greeted with suspicion when they are RIF'd, and I would like you to explain how that comes about. Here we have people who are RIF'd. A RIF is completely arbitrary. They say it is by seniority. It is arbitrary in order to make sure that there is no bias of any kind so that when you are presented with somebody from an agency, you are not presented with a reject, you are presented with somebody who literally got flushed out of the system without looking at that person's qualifications, without looking at that person's record.

So I would like you to explain how that person then could be regarded with any more suspicion than, let us say, somebody who came in off the street and asked to be hired for the first time.

Ms. BONOSARO. I think that is true because agencies have a great deal of latitude with regard to their RIF plans for the Senior Executive Service, far more so than for the rest of the work force. They have been able to set their criterion procedures and they do vary from agency to agency.

Recently there was a RIF, for example, at AID and that procedure was changed the day before the RIF and approved by OPM apparently, although we weren't entirely certain that was the case, so I think the view is, if you will, in part by the idea that the RIF can be manipulated with regard to the Senior Executive Service, as well as the thought that if the person were that valuable and that much of a contributor, somehow or other the agency would never have permitted that situation to arise, somehow or other the agency would have kept that person, or if there was a RIF, they would have been so high up on the register they would never have been in that position.

So the concept has been almost inevitably a negative one with regard to executives who OPM is trying to place, and I think that has also clearly impacted those executives who have not been RIF'd but who were simply interested in changing jobs within agencies, extremely difficult to do when only .7 percent of an executive corps manages to succeed in such transfer in a given year, you can understand the formidable obstacles facing them.

We are obviously generalizing a bit from our experience and, as I say, I think agencies will be less concerned in this regard if they are talking about placing a GS-7, not that I minimize the importance of their work, but obviously there are fewer positions at the top of the pyramid and so agencies have been particularly conscious of how people are placed.

Ms. NORTON. This is important information. Again, I compare to the private sector. Here you are investing most—in a real sense, often most in these very high level employees.

Again, if you go to the Armed Forces, even, or to any large company—and I served on the boards of three Fortune 500 companies before I came to the Congress—just the opposite. That is to say, what you do is you transfer people around so that they get to know very different aspects of the company.

The company here is the civil service, of course. The theory is they bring something that part of the company would not have had, and, of course, they are trained and are of greater value to the company. We have the Federal Government talking like private business and acting like an old-fashioned Government bureaucracy.

I was concerned, Ms. Bonosaro, when you said that particularly when OPM is involved in placement efforts that SES transfers may be viewed negatively.

Ms. BONOSARO. I don't think that is through any fault of OPMs, and let me make that really clear for the record. I think that is because of necessity. Once they are in that SES placement program, which is conducted by OPM, the view is that they could not do it on their own, why are they there to begin with? So it really has little to do with how OPM conducts that search and that placement effort but far more to do with the fact that the executive is there to begin with.

I just want to reinforce your remarks with regard to private industry, because I know that, for example, I have heard executives at Xerox say that they spend 40 percent of their time on succession planning. The Federal Government, obviously—at the executive level. The Federal Government does not spend that kind of time. In the 15 years that the Senior Executive Service has existed, there really has been few, if any, efforts at effective—at fostering mobility.

OPM is just beginning now in drafting a booklet with regard to executive mobility that might encourage it. But it has been a great disappointment, I think, to a lot of us in the service who initially converted to the service because that was going to be one of the attractive features of it. Has been a very difficult nut to crack.

Ms. NORTON. Could the reason for the lack of mobility across agency lines of SES personnel be that people are promoted from within?

Ms. BONOSARO. I think that is part of it. And clearly we recognize an agency has to be concerned about the candidates who have gone through the program, who are at the 15 level, in making opportunities for them. But the other piece of it has certainly been the qualifications that are set forth for a lot of those vacancies, which are essentially very often agency-specific.

If you haven't been in the Forest Service for 20 years, you are not going to qualify for that job, for example. Even though your experience may well be transferable, may not be a highly technical position, and you may, in fact, be able to learn what you need to learn that is agency-specific within months.

Ms. NORTON. What I am trying to discover is whether it would be easier for a manager coming from outside of the system to be employed than it would be for a manager coming from another Federal agency to be—I mean an SES, I am sorry—person?

Ms. BONOSARO. I would have to look back at numbers. There are a certain number of hires from outside each year. I haven't looked at those recently.

That may be true because the other piece of the problem is one agency looks at another agency's performance rating in considering a candidate and may well react in terms of, well, that agency inflates their performance ratings.

You may, in fact, have an agency that deflates them. So you have all those factors operating that just result in distrust of a candidate.

Ms. NORTON. Mr. Moyer, the employees that you represent—clearly, I take it, many of the employees you represent are subject to the unvarnished seniority system and bumping system is that correct?

Mr. MOYER. That is correct. I would note, as we look at self-interests that can be perceived to exist with regard to support for legislation, that the real beneficiaries of this legislation will be non-supervisory personnel. More so, I believe, than supervisory and management personnel.

And the reason I say that is because the impact of reductions in force will cause less senior, lower-graded employees to be displaced. And we are talking here about displacement. So that this legislation is not any kind of management protection act. After all, it has been supported by employee organizations and unions representing rank and file, nonsupervisory employees.

The reason the Federal Managers Association promotes this legislation, as we were the first group back in 1989 and 1990 to support the use of buyouts, the use of expanded early retirement authority, is because it simply makes good sense as a management practice.

I want to comment once more with regard to the tension that exists as a matter of public policy and personnel policy between this kind of approach that involves a more mandatory regard for placement and hiring, as opposed to the discretion that a manager might want to have and not be handcuffed by this type of proposal. Our members, aware of the demands of the coming years and what our members have already experienced through downsizing in the Defense Department, believe that it makes sense over a limited period of time to go this route with greater mandatory application and less managerial discretion.

Ms. NORTON. I will ask questions later. I will pass on now to the Ranking Member, Mrs. Morella.

Mrs. MORELLA. Thank you very much. I thank you both for all the work that you do for Federal employees and for appearing here on behalf of FMA, Mr. Moyer, and the SEA, Ms. Bonosaro.

In going through the testimony and listening to your responses, I guess I have some questions for you, Carol, with regard to SES, with regard to something you stated.

I have a document here which says that SES personnel, 46 percent have been reassigned to different SES jobs within OPM. That is a tremendously high figure. Maybe you want to comment on that. Because it goes on with SES personnel, 26 percent have retired from OPM, including one who was reassigned twice. So it

seems to be a lot of extra movement going on. Is this not detracting? Does that fill you with anxiety about what is going on?

Ms. BONOSARO. Well, yes. Although it certainly varies from agency to agency.

I really have no information that has enlightened me with regard to the objective of all of the mobility in OPM. It may well be to revitalize and to refresh executives who have been in positions for some period of time. But the outcome with a lot of retirements resulting from that doesn't seem to suggest that employees themselves particularly welcomed those changes. So it is of some concern.

And we have little snapshots of what occurs governmentwide but no comprehensive sense of the degree to which there have been reassessments and resulting retirements.

Mrs. MORELLA. In OPM, 80 percent of the SES personnel have changed jobs since April 1993. And only 24 percent are in the same job they held in April 1993.

Ms. BONOSARO. Well, that illustrates—you know, often when we have talked about the risks of the SES, I think a lot of people have listened to us and said, what risk? You know, they are well-paid, comparably. But there are risks. They can be reassigned. They don't have, as you know, much by way of appeal rights. We are still arguing with OPM with regard to the Senior Executive Service Improvements Act and what that meant. So I think it has been somewhat difficult.

It is natural, I suppose, for a new director or secretaries to come in and want to reorganize. But the numbers are large at OPM.

Mrs. MORELLA. Well, if you need some help from us, I hope you will let us know because I think that is a very puzzling kind of statistic.

Ms. BONOSARO. We certainly would not object if the subcommittee were to raise some questions with the Office of Personnel Management with regard to all of the reshuffling to simply get a better sense of what the intent is and what the impact has been on the employees.

Mrs. MORELLA. Fine.

And, Mr. Moyer, you suggest that the bill needs to place more emphasis on requiring agencies to create their own mandatory internal placement programs, that they should first try to place their own employees internally before putting them on a list.

But, as I look at the bill, I just wonder if it might be something that could be put into report language. Because it seems to me they have the authority within the bill as written to do that. And whether this could be done administratively in bill language.

Mr. MOYER. The extent to which the Congress feels comfortable with the degree to which teeth are required, that is, degree to which there is compatibility with the earnestness of the executive branch to fulfill what that policy objective is, really relies upon whether it is approached legislatively and statutorily or through committee report language.

Mrs. MORELLA. Or report language. Obviously, you think that there is a need.

Mr. MOYER. There is certainly a need and certainly an experience of existing programs as not fulfilling that need.

Ms. BONOSARO. May I just add to that, because I think that Bruce is quite right, particularly right now.

The mode we are in is one that encourages agency flexibility and discourages OPM requirements upon agencies and the whole reinvention effort. And so I think it is perhaps particularly important if we want to see this succeed to raise that concern.

Mrs. MORELLA. Excellent. We will do that.

I want to thank you both very much.

I want to ask Madam Chair if I might ask unanimous consent that Mr. Burton's statement be included in the record.

Ms. NORTON. So ordered.

Mrs. MORELLA. Thank you.

Ms. NORTON. Ms. Bonosaro, you recommend that the covered employees in my bill be allowed to accept offers less than their basic pay for six or more months. I guess my question is whether legislation is necessary for a person to be able to accept—

Ms. BONOSARO. Well, what I was concerned about as I read the bill is that OPM might read that as, for example, if they were a GS-13 attorney, whatever, that they would only be given offers or connected to possible vacancies that were at that level and no other.

And I don't know whether appropriately you might want to perhaps include that in the report language or in the bill. But I guess our concern was that if those efforts do not succeed, you may well have someone who is a GS-7 who might say at the end of 6 months, look, I would like to work. I will take a GS-6. But the way the program might operate they might not have an opportunity to be referred for a GS-6 for placement.

Ms. NORTON. I see.

Do you support that as well, Mr. Moyer?

Mr. MOYER. This was the first occasion that we have had to take a look at that, and I think I would ask for the opportunity for us to get back to you on that, Madam Chair.

Ms. NORTON. I appreciate your comments on that.

Ms. BONOSARO. That should be totally up to the RIF'ed employee at their option.

Ms. NORTON. And it is intriguing, and, again, given the theory of this placement across agency lines, unless there is some hidden, unintended consequences, you would wonder why people would reject that opportunity since they may have to do that in the private sector or wherever they go anyway. And, of course, it would not be mandatory.

What I don't know is if it would have consequences on others that we don't see now.

Ms. BONOSARO. It would probably have some consequences. For example, if it were a GS-7 that said I will look at a GS-6 and then you had 6s who then couldn't get—but the other side of the coin, too, is that not all of these vacancies are going to be opened to these RIF'ed employees in any event because agencies can decide to fill them internally through promotions.

So I know it becomes a bit complicated, but our concern only was that we not lose any opportunity to place someone.

Ms. NORTON. Would you comment on this distinction? Since you both represent employees across agency lines, would you comment

on this distinction that has been raised in this hearing between the Department of Defense as a unit of variated facilities and the rest of the Federal Government? Do you see difficulties in the rest of the Federal Government across agency lines that you don't see in the DOD?

Mr. MOYER. No, I don't see difficulties arising in that respect.

Yes, each agency in a sense does have its own culture. There are some civilian agencies that, in fact, have a more rigid hierachal culture than exists within some components of the Defense Department.

But what we are talking about is the skill base of the Federal work force and the skills that each and every employee that is displaced could bring to a vacancy arising elsewhere. And that is a consideration that is independent of culture.

There is no problem, we believe, given the varieties of subcultures that exist within DOD, for a DOD or a non-DOD employee to be able to successfully contribute their skills and talents to a new agency, irrespective of the place from which they have come.

Ms. BONOSARO. As Bruce has said, there are clearly cultural differences even within departments, and I was thinking specifically of the Department of the Interior as one example where executives have not even been able to move between bureaus.

So, whatever problems we have, I don't see them as a distinction between defense versus domestic agencies but rather as kind of generic cultural problems of moving between agencies. If DOD has succeeded in moving people between Army and Navy and Air Force, then we ought to be able to overcome those problems. I don't think they are any greater in non-DOD agencies.

Ms. NORTON. And certainly not any greater than the routine exchange that goes on between the Federal Government and the private sector.

It is troubling to hear people talk about cultural differences in the civil service, very troubling, because although I accept the notion that, just as neighborhoods might have their own culture, if you work in the same neighborhood which is your agency, you develop something which is very intangible that might be called a culture.

If that is going to keep somebody who is qualified and in whom we have invested from moving to another agency, we have got real problems when that person can go out into a culture that has little in common with the Federal Government and find a job and we have invested in the wherewithal to help that person find a job in the first place.

Ms. BONOSARO. That is why we are concerned that someone be watching to see how these qualifications are set. When you say that someone has to be well-qualified, our concern is that is easy. We sit down and manipulate the qualifications so we don't have to deal with people who are going to be referred.

Ms. NORTON. Finally, let me ask you if either of you have had any occasion or any experience with OPM taking up, on behalf of an employee, a challenge to that employee not being hired by other agency.

Mr. MOYER. No, our association has not had that experience, Madam Chair.

Ms. BONOSARO. We do have the experience—not perhaps precisely in the terms that you described, namely—where someone has been not hired and OPM became involved, but with regard to the SES rather. There have been some placement efforts that they have been able to make over the years for some very few executives who were not RIF'ed but who were in very difficult situations. And by working very quietly, OPM was able to succeed in some placements.

Ms. NORTON. Finally, just let me indicate that in moving to a mandatory program my bill does so in a very special context. I am not sure if under all circumstances, on all occasions, I would prefer a mandatory program. But the Federal Government has never in one fell swoop said we are going to get rid of hundreds of thousands of employees. That is a very special circumstance. No agency has been exempt. And the numbers are set in stone. That also is a very special circumstance.

In the past, agencies did not know if they might have to RIF or not. But knowing that there was a quota—and that is what we have here. We have a quota that must be met by 1999. As I said in opening this hearing, this quota was set without any reference to the needs of agencies, the needs of the Federal Government, and certainly without any consideration of the employees involved.

One of the reasons the government could get away with that is that it was buying people out. And, therefore, to the extent that this is voluntary, employees may have little to complain about.

That still leaves us with the agencies and the public who are being served by the agencies. And it still leaves us at the end of the road with the possibility of RIF's, where it seems to me everything changes on us. It changes on us because this is not a RIF of a kind that has ever been done by the Government before.

The Government RIF's people to save money or when it has too many people in a particular slot. But I know of no history where the government has said we have another purpose that can be served. That purpose is deficit reduction and/or the crime bill. And you will have to figure that one out for me. Because even the purposes of the downsizing have changed as the numbers have changed.

What we do know is that this downsizing does not have to do with the needs of the Federal work force or the Federal agencies. That it has to do with supplying money for something outside of those needs. And I know of no precedent for that.

To the extent that that has, in fact, been our judgment—and I supported the buyout legislation and fought hard for it—to the extent that we have embarked on the use of downsizing and even possibly RIF's for reasons unconnected to the Federal service itself, there is, in my judgment, an obligation by the Federal Government to make sure that that downsizing occurs in the most considerate way.

We started just right with buyouts. If we end with RIF's, we will finish in shame. And so I mean to do all I can to see that the progressive and humane way in which we started with buyouts is carried forward in one way or another.

We can't change these numbers now. The budget up to 1999 simply includes them. We can't change those numbers.

What we can change is the way we behave toward these employees if this becomes necessary. It is in the context of a mandatory downsizing that the Federal Government ought to consider mandatory placement of people who might be RIF'd, regardless of records that might be excellent. That is simply unacceptable. We must do all we can to mitigate those unfair consequences.

Government that has always been sensitive to the fairness with which it treats employees I think will harken to that. I certainly hope that the buyout approach, by far the more efficient approach and certainly the fairest approach, continues.

I want to thank both of you for testimony that has been very useful to us in considering this important issue.

Ms. BONOSARO. Ms. Norton, may I just add one point with regard to your remarks? There is a fair amount of research now on corporations which have downsized which shows a drop in many of them in productivity when they are all done.

And I just want to reinforce our view that this bill and this program is going to do an enormous amount for the morale of those people left behind, which is, again, has been demonstrated to be really critical as one goes through a downsizing.

So I think so as much as it is humane for those who are RIF'd, it is going to be important managerially for the Government to be able to keep up the morale and the productivity of those left behind. So it really does two things.

Ms. NORTON. I am going to ask staff to confer with you on the notion of reductions in productivity. The thing I most fear is that if you take an arbitrary figure out of a hat and downsize, you will end up with an inefficient, unproductive Federal Government.

I can see us in the year 2000 running around saying Federal employees are unable to do the work assigned them and they are creating backlogs of humongous proportions and what are we going to do about this? If this downsizing had been done the way private industry does it, matching efficiency goals to personnel goals, this might not be a risk.

The only thing we can do about it now is to try to take whatever corrective action can be taken as we go along. And if we see serious problems developing, and there are some indications that problems are developing, then we have to get ahold of ourselves.

And I chaired the EEOC, an agency that has to produce an output, that is to say, it has complaints coming in. I worked toward building in efficiencies so we would not have to raise the number of investigators every time there was an increase in the number of cases. And we were successful in doing that.

On the other hand, if somebody had said, and, by the way, the way in which this was done is exactly the way the private sector did it. I asked for an increase in personnel in order to take care of a very large backlog that was there. And because we were able to document how that would happen, we got an increase in personnel.

But I also said I will not ask for other increases because we have done the work to show that if you give me these increases I can deal with increasing numbers of cases. And so we got the increases

and in almost 4 years at EEOC I did not ask for other increases, and we eliminated the backlog and prevented another backlog from developing.

If in the process of doing that somebody had said, "Here is a quota, Eleanor; put aside your efficiency goals, the painstaking work you have done to match up employees, we got to have this number for another purpose," I know I would have been back in another few years saying, with all the efficiencies that we have been able to put in, by taking from me x number of people you have left me without enough people to do the work.

We don't know whether that will happen or not here. And we also don't know if we are only dealing with managers and SES personnel. All we know is that there is a magic number that somebody literally pulled out of the air, and we have got to keep track of it. Your testimony helps us keep track of it, and I want to thank you once again for coming forward with that testimony.

Mr. MOYER. Thank you. And your leadership means so much to the success of these efforts. And we want to thank you for the breadth of your concern, your compassion and the depth of your leadership on this issue. Thank you.

Ms. NORTON. Thank you. The hearing is adjourned.

[Whereupon, at 1:15 p.m., the subcommittee was adjourned.]



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